

NEWS SUMMARY

GENERAL

London Tube strike threat

London Transport faces a complete shutdown of its Tube services from June 18 if its 9.5 per cent pay offer to about 30,000 Underground workers is not improved.

The National Union of Railwaymen executive instructed its 15,000 Tube members to take action after pay talks failed to produce a new offer. The train drivers' union, ASLEF, which represents about 2,200 Tube members and the White-collar union, FSSA, with 3,000, will meet on Monday and Friday to discuss their positions. *Back Page, News Analysis, Page 4*

BUSINESS

Equities up 7.1 on week to 513.5

● EQUITIES eased and the FT 30-share index closed 0.1 down at 513.5—a rally of 7.1 on the week.

The 20-nation International Energy Agency last night was considering a special session during the week to discuss the U.S. oil imports.

Herr Schmidt will be preceded in Washington by M. Jean Francois-Poncet, the French Foreign Minister, who is expected to sound out Mr. Carter and Mr. Cyrus Vance, the U.S. Secretary of State, on French proposals to stop the Western countries outbidding each other for scarce oil supplies.

M. Andre Giraud, the French Industry Minister and chairman of the EEC Council of Energy Ministers, also plans to lodge a firm protest against the U.S. decision during his visit to Washington in the coming week.

In Paris Mr. Charles Schultze, chairman of Mr. Carter's Council of Economic Advisers, defended the U.S. measures.

They did not constitute a subsidy but rather an equalisation payment to make up the difference between the price of domestic and imported oil, he told the Organisation of Economic Co-operation and Development.

● GILTS were quiet, with short-term improving a shade ahead of the Budget. The Government Securities Index closed unchanged at 72.91.

● STERLING rose 50 points to close at \$2.0745, and its trade-weighted index increased to 67.6 (67.4). The dollar was \$7.0 (69.7).

● GOLD closed unchanged in London at \$275—a rise of \$5 on the week.

● WALL STREET was 0.26 up at \$32.59 near the close.

● CLEARING BANKS are changing their procedures on home loan security. People who might have an equitable interest in the house to be mortgaged will have to sign a form, waiving prior rights to the property. *Back Page*

● BUNDESBANK intervened to support the Danish krone and the Belgian franc after they threatened to fall below their lowest intervention points against the Deutschmark within the EMS framework. *Back Page; Money Markets, Page 25*

● ICI is to spend nearly £20m on two new plants in Cheshire. One will produce sodium hypochlorite, the other will produce ammonium chloride for dry batteries. *Page 4*

● FMC will have to close its bacon factory in Stirling this year unless profits improve within the next few months. The company has also warned that three or four other plants are in danger. *Page 4*

● BIG PAY increases for civil servants and National Health doctors and dentists are expected to be announced next week, after Ministers considered reports believed to recommend rises of more than 20 per cent. *Back Page*

● TEXACO is to sack most of the 800 strikers at its Fife yard where components for its Tartan oilfield production platform are being built, and plans to recruit a new workforce in a bid to finish the job on time. *Page 4*

COMPANIES

● ULTRAMAR, the oil exploration and development group, increased pre-tax profits from £2.84m to £12.2m on turnover of £20.8m (£13.4m) in the first quarter to March 31, and directors are expecting a record year. *Page 20*

● KCA INTERNATIONAL and Eurocanadian Shipholdings, the two groups seeking an influence in the affairs of Furness Withy, the British shipping group, entered into a battle of words for the support of Furness Withy shareholders. *Page 26*

● VOLVO is moving into the biggest development phase in its history, and the expansion of car and truck output would require good financial planning in the next few years, the managing director said. *Page 23*

RISES

own & Jackson	930 + 100	Style	151 + 5
Arts	350 + 10	Sunley (R)	350 + 10
allamshire	380 + 15	Thermal Syndicate	146 + 9
woods	210 + 14	Valer Scientific	242 + 16
united	50 + 3	Valer	90 + 6
Charm	412 + 18	Western Bros	118 + 4
BP	475 + 13	BP	1144 + 28
Ultrapar	286 + 15	East Rand Props.	417 + 15
Falcon Mines	290 + 10	Gold Fields SA	230 + 1
Metals Exp.	72 + 1	Metals Exp.	117 + 7
South African Ind	154 - 4	Dykes (J)	44 - 5
Kelsey Inds.	155 - 17	NatWest	342 - 13
Hacoma Gold	4 - 4		

French and Germans oppose U.S. oil imports subsidy

France and West Germany united yesterday in strong opposition to the subsidy placed by the U.S. on heating oil imports. Chancellor Helmut Schmidt is to take the issue up with President Jimmy Carter next week.

Herr Schmidt and M. Raymond Barre, the French Prime Minister, reached an agreement on their opposing the U.S. move at a meeting in Bonn.

The subsidy is regarded as allowing an increased share of available oil to go to U.S. consumers at the expense of other countries.

M. Giraud is also expected to make initial proposals to Mr. James Schlesinger, U.S. Energy Secretary, for countering the price of coal is likely to rise in the near future, as the National Coal Board seeks to cut down on its mounting operating losses by increasing oil prices in line with rising oil prices.

Details and news analysis on energy crisis effects on industry Page 3; Energy chiefs to see Yamani Page 2; America's crisis of belief Page 18

West Germany has been particularly dependent on Rotterdam for her heating oil imports. Continued on Back Page

Energy Minister urges saving by Government

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West Germany has been particularly dependent on Rotterdam for her heating oil imports. Continued on Back Page

Car sales reach record level

NEW CAR sales in Britain reached record levels in May but imports accounted for 56 per cent of the market.

BL did a little better than in April, with 19 per cent of the market, while Ford slipped a little to take 28.9 per cent.

Ford continued to import the majority of its cars to maintain its share. In May, around 54 per cent of the 52,244 Fords registered were "captive" imports which represented 16 per cent of the total market.

Figures showed that towards the end of May about 178,500 cars had been registered, a 34 per cent increase on the same month last year and 20 per cent above the previous peak reached in 1973.

As a result, registrations for the first five months of 1979 also set a record. At around 314,000, they were 5 per cent ahead of the 1973 total for the same period.

The statistics have convinced some analysts that registrations might well reach 1.65m this year, not quite at the 1973 record level.

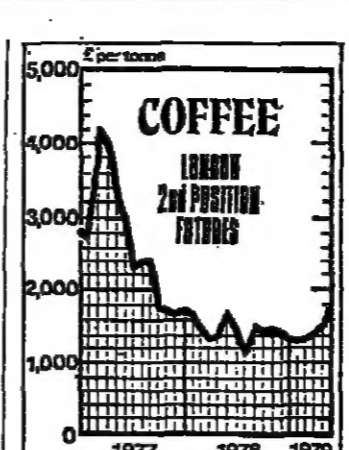
One of the main reasons car sales have been so buoyant has been Ford's determination to catch up on deliveries lost during the autumn's nine-week strike.

The group was able to switch Belgian-built Cortinas to the UK instead of West Germany (where they are sold as the Taunus) because German demand for the model has fallen—it was down more than 22 per cent in the first three months of 1979 compared with the same period last year.

The Cortina remains the best-selling car in the UK, however.

Demand for all cars in the UK in May may also have been swelled by customers buying ahead of expected price increases—all the major manufacturers raised prices from the middle of May onwards.

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Coffee prices shoot up

FEARS of frost damage to the coffee crop in Brazil, the world's biggest producer, brought a surge in prices on the London and New York futures market yesterday.

Temperatures were reported to have dropped below freezing point in Minas Gerais, the Brazilian state to which coffee plantings were switched after devastation of the Paraná crop in 1975.

Earlier this week there were reports of some frost damage in Paraná, but the latest news suggests that the cold weather has attacked areas normally free from frost.

London traders said yesterday that the extent of frost damage is not yet known, and that it might take some time before a proper assessment could be made.

The crop now being harvested is not affected. It is the crop to be harvested a year from now, and possibly in future years, that is vulnerable.

At one stage in London the January position on the futures market jumped by over £300 a tonne from £1,530 to £1,855 before closing at just below £1,800 on profit taking. The September position gained £208 to £1,748.5 a tonne.

Brazil normally produces about a third of the world's crop. The shortage from the 1975 frost boosted prices from \$400 to \$4,000 a tonne in two years.

Retail prices should not be affected at this stage. If serious frost damage is confirmed, coffee producers would obviously hold out for higher prices, though adequate supplies are available at present.

The Brazilian crop will not be free of frost fears until mid-August.

Nigeria halts UK tenders over Rhodesia

NIGERIA has indicated that it will not consider tenders by British companies for some major government contracts until the UK government clarifies its Rhodesia policy.

The move is a clear warning to Britain against lifting sanctions on Rhodesia.

Lagos does not appear to have spelled out which tenders might be affected. But a British construction consortium, comprising Costain, Balfour Beatty and Cementation International, has already been told that it has been dropped from the shortlist of tenders for a major port development project at Onne, in Eastern Nigeria—at least until the British position on Rhodesia is clear.

It is thought that at least one other British tender in the construction field may be affected by the Nigerian decision.

Nigeria made clear several weeks ago that it would strongly oppose any attempt by Britain or the U.S. to lift sanctions and recognise the new Muzorewa Government in Salisbury. It said that this would be regarded as a direct challenge to black Africa and it would be met with an "appropriate response."

The new Nigerian move seems to be a stronger warning shot across the bows of the Conservative Government which, Lagos fears, favours a form of creeping support for the Muzorewa administration.

Tougher measures by Nigeria could have a severe impact on British exports. The country is now the UK's leading market outside Western Europe and North America. In both 1977 and 1978 British exports to Nigeria topped \$1bn.

There was speculation last night that Nigeria might have carefully chosen the Onne port tender to underline its strong feelings on Rhodesia since the Labour Government made particularly strenuous efforts to secure this contract.

The British consortium—led by Costain—had been on the shortlist of tenders for the design and construction of the port, an unofficial estimate said the deal could have been worth £150m or more.

To make the bid more attractive, Britain offered Nigeria \$21m in project-related capital aid on very soft terms—interest free, with repayment over 25 years and a seven-year grace period.

However, there was extremely tough competition from other countries and it is far from certain that Britain would have been awarded the contract anyway. One member of the consortium acknowledged last night that its tender might not have been the cheapest, but the team believed it was the best value for money.

Another member said the consortium had not lost all hope of submitting a tender and hoped that talks could be restarted once the British Government had clarified its Rhodesia policy.

Lord Harlech, the special envoy appointed by Lord Carrington, the Foreign Secretary, to consult black African Governments on Rhodesia, is likely to visit Lagos later this month.

He will face some tough questioning from Lt-Gen. Olusegun Obasanjo, the Nigerian Head of State, who is apparently keen to preserve good relations with Britain but has now served notice that his country does not like the drift of its Rhodesia policy.

Brezhnev summit hopes

SOVIET PRESIDENT Leonid Brezhnev said yesterday he hoped the forthcoming summit in Vienna with President Jimmy Carter would promote Soviet-U.S. relations and also improve the entire international atmosphere.

In a speech on Hungarian radio and TV he also warned that China represented a serious danger to peace.

Winding up three days of talks with Hungarian leaders in Budapest, President Brezhnev said the Soviet Union was going to Vienna "fully prepared for an active and constructive dialogue." He hoped the American side would also take a similar approach.

The Soviet leader accused China of not missing a single opportunity to harm detente through its deeds and words.

Nevertheless the Soviet Union was ready at any time to reach an agreement on normalising relations. If the Chinese side showed goodwill, a Soviet response would be forthcoming.

OIL COPPER RUBBER TEA COFFEE
TIN SUGAR COCOA GOLD

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For names in full

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Signature (if different from above)

Please send me details of your Share Exchange Scheme, Savings Plan (tick if applicable)

Hostages freed

Left-wing militants in San Salvador ended their occupation of the French and Venezuelan embassies and freed their hostages. The militants were expected to fly to Panama.

Lockheed guilty

Lockheed Corporation admitted paying nearly \$2m to Japanese officials to promote sales of its aircraft and was fined \$647,000 in a Washington court.

V soccer offer

Irish football clubs will continue to get their regular weekend soccer after League chairman did an about turn, accepting the £10m joint BBC-TV offer which they rejected in March. *Page 26*

Hope goes home

John Paul II, Pope of Poland, is expected to arrive today for the start of a 10-day visit which is expected to reinforce the power of the church in his native Poland and demonstrate the continuing strength of Christian faith in a communist country. *Pages 2 and 19*

DC-10s cleared

The UK Civil Aviation Authority has declared its safe DC-10 jets used by British airlines after meeting representatives of British Caledonian, Aer Lingus and British Airways. *Back Page*

Refugee killing

A passenger, furious after sitting more than an hour in a car queue for petrol, shot and killed a driver and ran out of him at a Brooklyn, New York, service station.

Refugee flood

Playman security forces towed vessels carrying more than 200 Vietnamese boat people to sea as a top Thai official warned that more than a million Indochinese refugees would arrive there next month.

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OVERSEAS NEWS

Energy chiefs to see Yamani

BY GILES MERRITT IN BRUSSELS

DR. GUIDO BRUNNER, the EEC Energy Commissioner, and M. Andre Girard, the French Minister who is also president of the EEC Energy Council, are to meet with Sheikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, to discuss long-term oil supply questions.

The two EEC energy chiefs are to see Sheikh Yamani in his capacity as chairman of the OPEC long-range strategy group. It is understood the talks will exclude the question of oil prices.

But Dr. Brunner is expected to press for the setting-up of a continuous dialogue on energy matters between OPEC experts and officials in the EEC Commission.

The time and place of the meeting has yet to be finalised,

but it is expected it will come in between the June 21-22 European Council, when EEC Heads of Government meet in Strasbourg, and the June 27-28 Tokyo summit between the U.S., Japan, France, West Germany, the U.K., Italy, and Canada.

News of the meeting was paralleled in Brussels yesterday by the disclosure that the Commission has started a one-year study of "spot market" oil transactions in the Community. This is aimed at giving a clearer picture of the movement of prices and quantities, not only on the Rotterdam spot market, but also in such other markets as Cienfuegos.

The transparency scheme is to be a more rigorous version of the pilot study programme carried out in the Rotterdam

market between February and September 1978.

Commission officials believe that at that time the study scheme inhibited price rises in Rotterdam, and hope the tougher programme now introduced will exert a "psychological pressure" on spot prices.

The new scheme is being supported by all major U.S. or European oil companies, with the exception of Belgium's Petrofina. The Belgian oil major did not participate in the pilot scheme, it is understood, and has so far refused to take part in its successor.

But oil merchants will be involved this time, in contrast to the 1978 project. Under the scheme, information will be supplied by participants to Dutch auditing specialists.

Klynveld - Kraayenhof, and a weekly report on market conditions will then be made to each company involved.

The EEC Commission will get a detailed monthly report on the spot market.

Reuter adds from Tokyo: Saudi Arabia has told Japanese oil refiners which import its oil on contract not to resell it to Egypt, according to industry reports.

Saudi Arabia is believed to have sent similar notices to West European countries. Japanese refiners, including Mitsubishi Oil and Fujii Oil, which import oil from Saudi Arabia, sell virtually no oil products to Egypt. But the Saudi Arabian step is believed to be part of Arab economic sanctions against Egypt.

Japan GNP up by 5.5%

By Charles Smith, Far East Editor

JAPAN'S Gross National Product grew by 5.5 per cent in the 1978 fiscal year (ending last March 31), the Government announced yesterday.

This was 0.5 per cent less than the revised growth forecast adopted in December, 1978, and 1.5 per cent below the original 7.0 per cent target for the year (adopted in December, 1977, in response to pressure from the U.S. for the adoption of growth-oriented economic policies by Japan).

The shortfall on both the original and revised growth targets, however, is no longer being treated as a matter of great concern by either Japan or (apparently) the U.S. One reason for this is that Japan's domestic economy grew substantially faster than GNP as a whole last year, with the overall growth rate being pulled back by a negative contribution from the external sector (reflecting a decline in the current account surplus measured in yen terms).

Second, the economy has shown signs of reviving quite strongly during the past few months with the result that 1978 performance is now regarded as a matter of somewhat academic interest.

In the first quarter of the 1979 calendar year (which was also the last quarter of fiscal year 1978) the GNP registered real growth of 1.5 per cent (from the previous quarter), a rate which would produce an annual growth of 7.4 per cent if continued over a whole year. Since the Government's growth forecast for fiscal year 1979 is 6.3 per cent, the first quarter GNP statistics can be taken to indicate that economic performance is well on target.

Current concern about the Japanese economy focuses not on the rate of recovery of domestic demand, which is now felt to be fully adequate, but on recent increases in wholesale prices and on the danger that a further rise in crude oil prices could stimulate inflation. Because of these fears, Japan raised its discount rate by 0.75 per cent in April (the first rise in over three years). The Government also decided not to concentrate public works and defence allocations in the 1979 Budget into the first half of the fiscal year as it has done in the past.

Factors contributing to a revival of domestic demand in the first quarter of 1979 included the rebuilding of inventories (up 49.5 per cent over the October-December quarter of 1978); a modest rise in private capital investment (up 5.7 per cent); and a small recovery in final consumption (up 1.7 per cent but contributing just over half of total domestic demand).

Officials at the Economic Planning Agency expect private capital investment to recover more strongly later this year,

Discouraging forecast for UK

BY OUR FOREIGN STAFF

BRITAIN'S ECONOMIC decline is closely interrelated with the longstanding British hostility to moves for European economic integration. This is the principal message contained in a vaudeville dispatch by Sir Nicholas Henderson penned in March as he ended his term as British ambassador in Paris and published in this week's Economist. The Economist notes that the confidential document did not reach the magazine from him and was "presumably written for very limited circulation." It was addressed to Dr. David Owen, the then Foreign Secretary.

After serving as ambassador to West Germany and France, Sir Nicholas retired from the Foreign Office but was last month appointed as ambassador to Washington in succession to Mr. Peter Jay.

Sir Nicholas says that Britain is not only no longer a world power but is also not even in the first rank even as a European one. "The prognosis for the foreseeable future is discouraging," he adds. "If present



Sir Nicholas Henderson

trends continue we will have been overtaken in GDP per head by Italy and Spain well before the end of the century."

Sir Nicholas traces British decline relative to the stronger economies of continental Europe to faults of management and its poor rewards and bad governmental management of major

capital projects. He also cites trade union structure and poor labour relations as contributory factors in the decline.

Sir Nicholas argues that "we continued for too long to try and play a world role and failed to cut our coat according to our cloth," which meant that Britain was over extended financially.

The long established practice of underestimating the force of continental commitment to economic co-operation and seeming to counter it meant that Britain was unable to fashion the Treaty of Rome to suit British interests.

Despite the pessimistic tone of much of Sir Nicholas's document, he sees some hope for the future. He suggests a change towards more positive policies towards Europe, a government effort to make British people aware of how far Britain's economy and living standards have fallen behind our neighbours, and the stimulation of "a sense of national purpose, of something akin to what has inspired the French and Germans over the past 25 years."

Iraq denies 'troops at border'

BY IHSAN HIJAZI IN BEIRUT

IRAQ HAS issued a denial of troops having been massed near the Iranian border opposite Khorramshahr, which has been the scene of fighting between Arab nationalists and Iranian militiamen and troops.

The denial, by the state-controlled Baghdad Radio, came as the Khorramshahr events are becoming hot, an embarrassment to Arab supporters of the regime of Ayatollah Khomeini and a potential threat to stronger co-operation between the Arabs and Iran in the Gulf region.

The Arab media from here to Saudi Arabia has deliberately avoided comment on the clashes. It is understood that Palestinian guerrilla leader, Yasser Arafat,

has sent instructions to Mr. Hani Al Hassan, the head of the PLO office in Tehran, to use his good offices and make every possible effort to check any deterioration in Arab-Iranian relations.

But knowledgeable Palestinians do not believe the Khorramshahr riots will have a serious impact on co-operation between the PLO and Ayatollah Khomeini.

Political analysts expressed concern that the development may revive old rivalries especially between Iraq and Iran which existed during the reign of the Shah.

They referred to a quick denial made yesterday by Mr. Ibrahim Yazdi, Iranian Foreign Minister, of speculations that

Iran intended to give up the islands in the Gulf and allow them over to the United Arab Emirates.

The islands, Abu Musa and Small and Big Tunb, were seized by Iranian forces seven years ago under orders from the Shah who claimed them as an integral part of his country. The claim was challenged by the Arab states in the Gulf and the rest of the Arab world.

Dr. Yazdi furthermore insisted the name of the Gulf is the "Persian Gulf," thus indirectly rejecting the "Arab Gulf" name given to the strategic sea by the Arabs.

Ayatollah Khomeini had suggested it be called the "Islamic Gulf" to avert Arab-Iranian friction.

Iranian Arab leader claims persecution

KHORRAMSHAHR—the spiritual leader of Iran's Arab minority yesterday accused the Government of trying to punish his followers and deprive them of their national rights.

The charge by Sheikh Mohammed Taher Shohbeh Khaghani came on the third day of fighting between Arabs and pro-Government forces in which the death toll has ranged from an official 23 dead to Arab claims of up to 200.

Threatening to leave Iran unless there was an immediate improvement in the position of all Iran's minorities, Sheikh Khaghani, a Moslem Ayatollah, charged that Government forces were persecuting Arabs in and around this Gulf port.

Shooting broke out yesterday when hundreds of Arabs staged a protest demonstration against

what they said was Government refusal to hand over the bodies of Arabs killed in the recent street fighting.

The local armoured brigade sent reinforcements into Khorramshahr, Iran's biggest commercial port, to guard key positions. Truckloads of marines and revolutionary guards occupied the sole bridge across the Karun river linking the port with the world's largest oil refinery at Abadan.

The official radio yesterday reported incidents in the major oil town of Abadan, some 70 miles north of here. It said pro-Arab demonstrators had attacked shops and cars and set fire to a petrol station.

In Sanandaj, the Kurdish centre which saw heavy fighting shortly after the February revolution, two bystanders were said

to have been killed when a revolutionary committee militiaman opened fire after bricks were thrown at him.

A crowd of townspeople is said to have stormed the committee headquarters setting it on fire and dispersing the militiamen while members of the committee sought refuge in a nearby mosque.

Meanwhile, five more officials of the Shah's security forces were reported to have been executed after being found guilty of murder and torture.

The latest execution, of an army sergeant in the northern city of Mahabad, brought to at least 241 the number of former officials and supporters of the Shah to have gone before firing squads on the orders of the revolutionary courts. Reuter

Spain prepares to pay a higher price for smoking

THE COST of smoking in Spain has been kept deliberately low. Before the Civil War when the national tobacco monopoly, Tabacalera, was established, it was decided that smoking was one pleasure to be kept within the reach of the working man. (Then it was almost exclusively men who smoked). Cigarette prices have only been raised twice in the past 10 years, and even now it is possible to buy a packet of 20 for Ptas 15 or just under 10p.

Despite such cheapness, smoking is still less popular than in the EEC countries. Per capita consumption is approximately 20 per cent lower, largely because there remains a tremendous imbalance between the percentage of men to women smokers. Three out of every four smokers in Spain is a man.

But the number of female smokers is on the increase, reflecting Spain's women's desire to be treated on the same level as men and the greater number of women occupying jobs outside the house. Indeed the most striking of statistics recently provided by Tabacalera is that 62 per cent of the population between 18 and 25 are smokers, against a total of 45

per cent for the entire population over 16. Price, however, remains the determining element in overall smoking patterns. For instance the cheapest cigarettes, those brands produced locally with black tobacco, are the most popular. They sell three times as many as blended brands and 52 per cent of their clientele is male. Women on the other hand tend to smoke blended tobacco, which is, as a rule, more expensive. Women account for 58 per cent of blended tobacco sales.

When the Government decided last year to raise cigarette and cigar prices, there was a marked hiccup in sales. For 1978 as a whole sales of cigarettes declined 5 per cent, but Tabacalera maintains that by the year end sales had recovered their former levels.

The Spanish may be unaccustomed to paying more for the pleasure of smoking, but it is something they will have to get used to as production costs rise and the Treasury considers higher taxes. But this worries Tabacalera less than the adaptations the monopoly will need to make when Spain joins the EEC.

The EEC Commission in a memorandum pointed out that Spain's three monopolies, covering petroleum distribution (Campsa), telephones (Telefonica) and cigarette manufacture and marketing would have to adapt to the spirit of Article

The cost of smoking in Spain has been kept deliberately low since before the Civil War. Robert Graham reports.

37 of the Treaty of Rome. Like the other two monopolies Tabacalera is an odd mix of private enterprise and state interventionism. The main shareholders are the Ministry of Finance through the Office of State Patrimony (51 per cent) and the Bank of Spain (6 per cent). The remaining 43,000 shareholders are private with small holdings except some institutions like the savings banks and Banco Urquijo.

The presence of private

capital gears Tabacalera to be profit orientated. (Last year it made £5.6m). Nevertheless the monopoly sees itself with an important social function, to market a low-priced product and in the Canaries, where the tobacco industry is vital, to act

as a pole of economic development. Tabacalera has been helped in keeping prices low until now by the relatively small weight of Government luxury sales tax on cigarettes and cigars. Last year the Treasury took £71.8m from Tabacalera. Tabacalera does not exclude foreign companies. But they can only produce under licence and cannot market. Most of the big American tobacco companies are present in Spain. With liberalisation under EEC rules,

Election row over Rome loan proposals

By Rupert Cornwell in Rome

PLANS OF the Communist administered city of Rome to raise a \$400m loan under the auspices of leading U.S. investment banks have sparked off sharp political controversy on the even of the general elections.

The Eurocurrency loan, to help develop the capital's public services, is to be split into \$200m tranches and run for 10 years. The final terms, which have been proposed by the two U.S. banks, Dillon Read and Salomon Brothers, have not yet been agreed.

However the very news that the city, whose finances have long been marked by chronic deficits, is trying to secure a foreign loan to help its investment plans has stirred up a row here between Left and Right.

The Left-wing Press has hailed the discussions as virtually concluded, and proof of the revolution in Rome's finances since an administration led by Sig. Giulio Argan, the Communist-sympathising mayor, took over the city in 1976.

The Communist daily L'Unita indeed claimed this week that a deficit of £5,000bn (about £1,000bn) inherited from the Christian Democrats had been eradicated and that the latest municipality budget, presented in balance, had allowed detailed negotiations with the American bankers to take place.

The right however reflects any suggestion that Rome is proof of peculiar Communist efficiency in running local finances. It attributes what improvement there has been to a reforming local authority financing approved recently by central government.

Assuming satisfactory terms can be agreed between the city authorities and the U.S. banks, approval is still required from the Italian Treasury and the Bank of Italy. The new funds, it is said, are to be devoted to the development of the capital's underground system.

However the history of the second branch of the network, due to go into service this autumn no less than 20 years after initial Parliamentary approval, at three times the originally budgeted cost, offers a warning of the pitfalls which may be ahead.

Italy set to go to the polls

ITALY'S general election campaign closed last night, as voters prepare to go to the polls from tomorrow until Monday lunchtime to elect the eighth post-war Parliament under the present constitution.

The electorate of 42m, which includes more than 2.5m first-time voters who have attained the age of 18 since the last general election in June 1978, will determine the distribution of the 630 seats in the Chamber of Deputies. The 315 Senate seats in the Upper House will be determined by the votes of 36.5m voters over the age of 25.

For some parts of Italy, this Sunday is the first of three successive weekends in which people will be called upon to vote. Next Sunday, June 10, an electorate swollen by a further 474,000 Italians eligible to go to the polls elsewhere in the community will have the right to vote in the first-ever direct elections for the European Parliament.

The following weekend Sardinia will be choosing a new regional Government, while voters in Venice will participate in a referendum on whether to split into two separate administrative units, the historic lagoon city and the industrialised mainland zone of Mestre.

Warsaw puts out the flags to welcome the Pope

BY ANTHONY ROBINSON IN WARSAW

POLAND'S MOST famous son, Pope John Paul II, flies into Warsaw today for the start of a 10-day Papal visit which is expected to reinforce the power of the church in Poland and demonstrate the continuing strength of Christian faith under a Communist administration.

The popular mood here is one of pride and exultation, as the red-and-white flags of Poland and yellow-and-white flags of the Vatican fly side by side along the procession routes, and enormous crosses are being erected behind temporary altars in the main square of Cracow, the national shrine of Wzrostochowa and the Pope's former diocese of Cracow. The Pope will visit them all.

The authorities refused permission for the Pope to visit the industrial heartland of Silesia but they have finally agreed to lay on 17 long distance trains and 2,000 charter buses. Right up to the very last minute the authorities have hedged on the key question of television coverage. As things stand only the Pope's arrival and departure, the first public mass in Warsaw, and the memorial service at the former Nazi concentration camp at Auschwitz will be transmitted live, nationwide. All other activities will only be transmitted by local television.

Faced with the prospect of the largest spontaneous demonstration ever to happen in a communist country the authorities are understandably nervous. A harsh winter, shortages

of meat and other consumer goods and western-style inflation have not helped the Government's popularity. During the Pope's visit the Communist Party is expected to raise a very low profile. Party activists in Warsaw have been instructed to report to their work places this weekend and if they go to unbelieve in any of the ceremonies they have been told to kneel like anyone else. Indeed over the next ten days, or so, Poles expect to see a "withering away of the state"—although not at all in the manner predicted by Karl Marx.

The question is what happens afterwards. Will the Government be able to benefit from the goodwill and enthusiasm generated by the Papal visit. Or will Poles take risks with the strength which the Pope's visit might give them?

U.S. quotas on Chinese textiles

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE United States has imposed quotas on the import of textile goods from China after the failure of this week's bilateral talks seeking to produce an agreement on voluntary trade restraints.

As part of an understanding with the domestic textile industry, designed to help the chances of congressional approval of the multinational trade agreement, the Carter Administration had promised to negotiate some form of limitation on China's burgeoning sales to this country.

U.S. textile spokesmen said they were satisfied with the decision to enforce quotas, and thereby protect the ailing domestic sector.

Mr. Robert Strauss, the trade representative who has been negotiating with the Chinese, has been enthusiastic in Peking that the failure to conclude a voluntary arrangement should not be construed as a setback to American-Chinese relations. He has contended that the discussions were amicable and will, in any case, resume in the not-too-distant future.

The Chinese goods covered are cotton work, gloves, cotton blouses, men's and boy's cotton shirts, cotton trousers, and synthetic fibre sweaters.

Lockheed Corporation admitted paying nearly \$2m to Japanese officials to promote aircraft sales and was fined \$647,000 in a Washington court. Reuter reports from Washington.

The company pleaded guilty to wire fraud and making false statements to the Government to conceal payments it made in Japan to get contracts for 21 wide-bodied jets to All-Nippon Airlines from October, 1973 to August, 1974.

UK pledge on UNCTAD Second Window fund

BY PHILIP BOWRING IN MANILA

BRITAIN WILL definitely contribute to the Second Window of the Common Fund for Commodities. The Second Window is the part of the Common Fund aimed at assisting development of production and marketing of those commodities included in UNCTAD's integrated programme for commodities.

The decision was announced yesterday by Mr. Cecil Parkinson, the British Minister of State for Trade, at a meeting with President Marcos of the Philippines. Mr. Parkinson is visiting Manila as head of the British delegation to UNCTAD V.

Before the UNCTAD meeting it had been generally assumed that Britain would contribute to the Second Window. But Mr. Parkinson threw doubt on the new government attitude to it earlier this week when he said a decision would have to await

the Chancellor of the Exchequer's review of public spending. However, it now seems that it is only the amount, not the principle of a contribution, that is at issue.

Meanwhile, with the talks already extended 24 hours and now due to end tomorrow, UNCTAD V is still deadlocked on several key issues. An exasperated African group withdrew from the negotiating group discussing monetary and aid matters claiming there was no possibility of any meaningful conclusion.

There appeared moves afoot for a more general African withdrawal from negotiation on the ground that developed countries were being almost totally immobile.

Reuter adds from Manila: The U.S. and the EEC failed to block a controversial resolution calling for the conference to study the situation in Palestine and Southern Africa.

Vance 'urging Spain into NATO'

MADRID — Mr. Cyrus Vance, the U.S. Secretary of State, began a 22-hour official visit to Madrid yesterday amid widespread speculation that Washington is trying to pressure Spain into joining NATO quickly.

Mr. Vance's visit comes only two weeks after visit by Mr. Harold Brown, the U.S. Defence Secretary.

U.S. and Spanish officials have denied that the Wash-

ington Administration is trying to hasten a Spanish government decision.

The ruling Union of the Democratic Centre (UCD) party is on record as favouring Spanish NATO membership. But Sr. Adolfo Suarez, the Prime Minister, has shown no interest in the matter.

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Party looks to young militants

By Jimmy Burns in Lisbon

THE COMMUNIST Party of Portugal (PCP) is to have its central committee rejuvenated, although the leadership is to remain overwhelmingly working class, the General Secretary, Sr. Alvaro Cunhal, has announced.

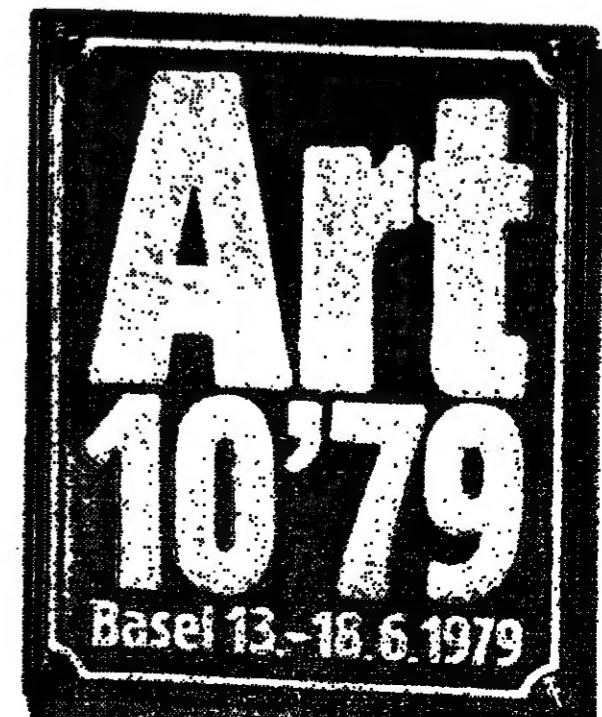
Speaking to the PCP's Ninth Congress, which ends tomorrow, he proposed that the party's 100-man central committee should be expanded to include 33 new members and that 50 per cent of its restructured composition should be taken up by militants under the age of 35.

The party's present committee has an average age of 45 years, with the greatest influence being wielded by old-guard militants who have been moulded by years of underground activity during the Salazar dictatorship.

But Sr. Cunhal insisted that his party should maintain its "golden rule," keeping intellectuals in the minority. On the present central committee, workers outnumber intellectuals by two-to-one. Of the party's total membership—which Sr. Cunhal claimed had increased since 1976 by 43 per cent to 164,713—about 60 per cent are industrial and agrarian workers. A further 20 per cent are office and bank workers.

Judging by the general tenor of the report, the changing composition of the party will not substantially affect its basic strategy.

Mr. Cunhal's three-hour report, the changing composition of the party will not substantially affect its basic strategy.



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EUROPEAN NEWS

Powell urges Labour vote as Biffen toes Tory line

BY ELINOR GOODMAN, LOBBY STAFF

MR. ENOCH POWELL, the Ulster Unionist MP for Down South, who before he broke with the Tory party, was one of its most prominent anti-Marketers, yesterday made a barely concealed call to the electorate to vote Labour in next week's European election.

His speech coincided with one from Mr. John Biffen, one of the few members of Mrs. Thatcher's Cabinet who voted against Britain joining the Community. In contrast to Mr. Powell, however, Mr. Biffen managed to reconcile his still very critical attitude to the Community with the official Tory line on Europe.

The Conservative Party, he said, was the best equipped to deal with the injustices of Europe.

Mr. Powell's influence on the British electorate is certainly less now than it was when he urged people to vote Labour in February 1975. But nevertheless his intervention in the European campaign will touch some raw nerves in Tory circles. Speaking in County Down, Mr. Powell asserted confidently that a clear majority of the British people were opposed to Britain's membership of the EEC.

There was a great danger that these people would stay away from the polling booths on June 7 but boycott was never a satisfactory form of electoral self-expression. Anyone who wanted to win back what was cast away in 1975, he said, wanted Britain to be a nation and not a European province must vote, he argued. In Ulster the choice was clear because the Ulster Unionists were opposed to British membership of the Community in its present form.

On the mainland Mr. Powell said the decisions were equally clear: the choice was between a Conservative party which was

committed to "reinforcing and rendering irreversible the decision of 1972 by which Britain surrendered to Europe its right to tax, to govern and to judge the British people without reference to their wishes or their Parliament," and a Labour

party which stood at this election "declaring in the plainest language that those rights must be recovered and that we ought to recover them whether the rest of the EEC agrees or not."

The election, he insisted, was not about British party politics. It was about what Britain itself wanted to be: a nation or province. The alternatives, he said, were there on the ballot papers in the "names of the respective candidates, whoever and whatever they are."

Meanwhile, at a press conference in Liverpool, Mr. Biffen the Chief Secretary to the Treasury, made it clear that his hostility to the Community had been only

slightly tamed since the referendum.

Criticising both the agricultural policy and the Community budget, he said that the collective mechanism negotiated by Mr. James Callaghan in 1975 had not provided a solution to the budgetary problem.

Britain must look to its allies to mount pressure for reform of the agricultural policy and simultaneously to work for a recalculation of the financial mechanism which operated so signally to Britain's disadvantage.

The message, he said, had already gone out that the new Government was not a soft touch. This election would give the chance for the European Assembly to reflect a strong Conservative membership "dedicated to the free trade ideals of the Rome Treaty and determined to scotch bureaucracy wherever it appears."

Meanwhile Dr. David Owen, the Foreign Secretary in the last Labour government, continued his tour of constituencies with a call for the development of the European Community's influence in the field of foreign affairs.

This proposal is more usually associated with Conservative policy. But Dr. Owen argued that a strong Labour delegation, by working with fellow socialists in Europe, could do much to lessen injustices in the world. Labour would be able to argue, for example, for genuine independence for Namibia and Rhodesia.

In another speech, in Cumbria yesterday, however, Dr. Owen argued against any extension of the Community into the realm of defence. Labour European parliamentarians would, he promised, "firmly resist the blandishments" of those who wished to develop a defence identity for the Community.

Irish politicians working hard to stimulate interest

BY STEWART DALBY IN DUBLIN

IT HAD to happen at some time. The European elections have produced an Irish joke. Given the sensitivity about such things in Dublin, perhaps it would be better to call it a Kerryman joke, as the Irish call Irish jokes.

It goes, a Kerryman is standing in his local pub and is asked whom he is going to vote for in the European elections. He drinks his Guinness, thinks for a bit, drinks his Guinness again, and finally says, "Sure, I think I'll vote for France."

If the joke can be seen as a reference, oblique to the lack of understanding and interest in the European elections on June 7, it is hardly the fault of the politicians. They have been working for all their worth to stimulate interest.

Mr. Garrett Fitzgerald, the leader of the main opposition party, Fine Gael, recently boasted that so far he has visited 100 towns and travelled more than 3,000 miles. He thinks that, in the final week, his green-and-white "battle bus" complete with loudspeakers and streamers, will go to 50 more urban centres and travel 800 more miles.

The Irish electorate needs very little convincing about the EEC's merits. The message that the Common Agricultural Policy (CAP) has been of enormous benefit to Ireland has sunk home. The EEC or so it has received from the CAP in its five-year membership is roughly 10 times as much as it has put in to the Community budget.

Even Ireland's decision to join the European Monetary System (EMS), which now looks more dubious since the Irish pound's de facto devaluation against sterling, has barely been mentioned.

The strengthening of European institutions is not really an issue in Ireland, since all three main political parties, Fianna Fail, Fine Gael and the Labour Party, are ardently in favour.

The tussle for the 15 directly elected seats from the four constituencies in Ireland next Thursday are basically seen as a mid-term test for the Government's popularity; the issues are very domestic indeed.

This election, with local elections also on June 7, are being contested on a proportional representation basis, so they will give a clearer indication of the Government's standing two years into its possible five-year term than, say, the British first-past-the-post system.

The Government is basically running on its record. It has cut taxes, and last year Ireland achieved the highest rate of GNP growth and export increases in the EEC.

Fianna Fail is taking the credit. There are signs, however, that although Mr. Jack Lynch, the Prime Minister, like Mr. Callaghan, is personally very popular because of his paternalistic "safe" image, his party's standing seems to be suffering from the petrol shortage and the strikes.

Chance for three in Highland campaign

By Richard Evans, Lobby Editor

THE MOST unusual aspect of the Highlands and Islands constituency, apart from its sheer size, is the fact that three of the four candidates genuinely believe they have a prospect of winning. It is the most open contest in the UK, the most unpredictable, and the only seat, apart from Northern Ireland, where there is any chance of a win for an MP from outside the two major parties.

Virtually the only safe prediction is that Mr. Jack Watson, the Labour candidate, a cheerful, short, representative, for Express Newspapers, will come last. He is fighting a brave and energetic campaign. But apart from an enclave in Caithness and Sutherland, this is not Labour territory. The battle—and there are under signs of needle and ill-temper in the campaigning—lies between the Conservative, Mr. Michael Joughin, a local farmer, the Liberal, Mr. Russell Johnston, MP for Inverness, and the Scottish Nationalist, Mrs. Winnie Ewing, a formidable campaigner who has two beaten seats adds to become a Westminster MP but who lost her Moray and Nairn seat to the Tories at the general election.

The candidates have made concerted attempts to install life into the campaign in a constituency that stretches from the end of June this year to the end of June this year. The decision was presented as a limited experiment to test how the legislation worked in practice. The Government has to give at least six months warning to the oil companies that it wished to take crude oil rather than cash.

Payments

Mr. Benn's decision last year means that from July to December this year the Government will take about 1.5m tonnes in royalty payments equal to some 25 per cent of its entitlement. The oil will be marketed by the British National Oil Corporation as an addition to its existing supplies.

In normal circumstances a Conservative government wedded to principles of non-intervention could be almost expected to abandon Mr. Benn's experiment, leaving the actual disposal of the crude oil up to the companies.

It is not facing normal times, however, and increasingly in the coming months it is going to have faced some awkward questions over the disposal of North Sea oil and over the cut-back in supplies to users.

It is not a new problem for a would-be non-interventionist Tory Government to have to face. Towards the end of 1973 Mr. Edward Heath, the then Prime Minister, decided that in the face of the Arab embargo on crude oil supplies British oil companies should favour Britain at the expense of other countries.

Sir Eric Drake, chairman of British Petroleum and Sir Frank McCadean, chairman of Shell were called to a stormy meeting at Chequers, where Mr. Heath insisted that the companies must not cut supplies to Britain. The oil company chiefs equally insisted that if they did not treat all their foreign customers fairly they could face expropriation.

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When all four candidates met for debate in the Inverness auction mart before an audience of farmers in their uniform of tweed jackets and brown boots, Mr. Joughin's tactic immediately drew blood. Both Mr. Ewing and Mr. Johnston found themselves defending their reasons for standing for Strathburg as well as Westminster.

Mr. Johnston, returned as MP for Inverness with greatly increased majority at the general election, has undoubtedly been harmed by hints that he could not possibly perform the dual mandate effectively, although he argues he has been doing this in practice for the last six years.

As both the Liberal and Tory are strongly pro-market, Mrs. Ewing's hope lies in picking up the votes of anti-Marketers in the Labour Party as well as in the SNP. The north of Scotland gave the most marginal of votes in favour of EEC membership in 1972, and opinion has since hardened strongly against.

There is deep scepticism about Community policy towards the crucial local inshore fishing industry, towards control of North Sea oil and towards the dumping of nuclear waste in Scotland. Mrs. Ewing has sought to capitalise on these issues.

At a meeting in Port William, she argued she would provide the only effective independent Scottish voice at Strathburg. But the SNP suffered major setbacks in the general election.

The signs are that neither she nor Mr. Johnston will be able to erode the Conservative lead sufficiently to ensure that any British voice will be heard at Strathburg other than from the Conservative and Labour parties.

UK NEWS

NEWS ANALYSIS—ENERGY CRISIS

Tories face awkward questions on oil supply

BY KEVIN DONE, ENERGY CORRESPONDENT

SINCE TAKING office three weeks ago Mr. David Howell, the Energy Secretary, has shown little inclination to take any major policy decisions about North Sea oil, in spite of the growing problems facing oil supplies in the UK.

With the UK three-quarters of the way towards self-sufficiency in crude oil production, the Government is finding it embarrassingly difficult to explain why the country is facing the same sort of cut-backs in oil supplies as its non-oil-producing neighbours.

In the general hubbub about oil company rationing schemes and the need to cut oil consumption, the words North Sea oil have hardly been a mention.

By the end of this month the Government must make up its mind whether it wishes to take more direct control of an important slice of the UK's North Sea production.

As part of the UK's oil taxation regime the State takes a 12½ per cent royalty on all crude oil production. The royalty can be taken either as cash or as crude oil. Until now the royalty has been taken as cash and the Government has left the job of disposing of the crude oil to the individual oil companies operating in the North Sea.

Last year, however, the then Energy Secretary, Mr. Anthony Wedgwood Benn, decided that from the end of June this year the State would begin to take some crude oil in kind.

The decision was presented as a limited experiment to test how the legislation worked in practice. The Government has to give at least six months warning to the oil companies that it wished to take crude oil rather than cash.

Mr. Benn's decision last year means that from July to December this year the Government will take about 1.5m tonnes in royalty payments equal to some 25 per cent of its entitlement. The oil will be marketed by the British National Oil Corporation as an addition to its existing supplies.

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Mr. David Howell, Energy Secretary—he must take major policy decisions this month on the "Future of North Sea oil."

instruction should be in writing, he insisted.

Mr. Heath retreated, but from the confrontation the idea was clearly born that unless the country had a State oil company it could not be sure of controlling its oil supplies, the oil was flowing from its own fields, a process which began 18 months later in 1975.

On the face of it, however, the creation of BNOC has done little to solve the problem. The UK is now producing three-quarters of its crude oil needs, critics argue, and yet nearly half of it is being exported and British consumers are facing cutbacks and rationing.

What the Government is failing to point out is that the UK will never be totally self-sufficient, it will only be net

North Sea oil is a high quality, light low sulphur crude which is very much in demand around the world. But it does not produce economically all the oil products that are needed in the UK, especially heavier products, such as bitumen and residual fuel oils.

As a result, even when the UK is producing more than its present needs of about 2m barrels a day—present output is running at about 1.5m b/d—it will still have to import some heavier crudes and export some North Sea crude.

Last year about 44 per cent of North Sea production was exported and the proportion is unlikely to change greatly this year.

The fact remains, however, that UK refineries could probably use about 10-20 per cent more North Sea oil than at present, if they could only have the supplies.

By next year one solution for the Government would be to take royalty oil in kind and ensure that it is refined in the UK. But if it wished to intervene in this way, the decision must be taken soon.

In the intervening period BNOC could be used to direct more oil to the UK, but this route is also fraught with problems.

BNOC, acting like any other commercial oil company, has entered into long-term supply contracts with its customers, which cannot be changed overnight. When the contracts now in force were negotiated last year, there was an apparent glut of crude on the market, and UK refiners rather scorned expensive North Sea supplies, when they could buy cheaper crude overseas.

Conscious of its role as a

State company BNOC is apparently willing to begin directing more oil to the UK as its contracts expire. It is hitting another problem, however. It is concerned that as the international oil companies with British refineries obtain more North Sea supplies, they will simply cut back their supplies to the UK of overseas crude.

The extra quantities gradually coming available from BNOC would then simply be a substitute for existing supplies, rather than an addition. BNOC is seeking guarantees from UK oil companies to ensure this does not happen, but the outcome of the negotiations is still far from certain.

BNOC is currently selling about 500,000 barrels a day, which is about a third of UK crude oil production. Rather more than half of this amount is currently being exported, but the State oil company has switched about 70,000 barrels a day to the UK since the beginning of the year and more could follow. BNOC is insisting that any new supply contracts with UK oil companies should be added to UK supplies, but it is still confident that by the end of the year more than half of its crude will be sold in Britain.

However if the Government decided to intervene on North Sea oil supplies—from January 1 it could have direct control of 12½ per cent of all North Sea production by taking royalty in kind—it is still committed to cutting UK oil consumption this year by at least 5 per cent. The latest figures available on UK oil demand show the daunting size of the task.

According to the Department of Energy bulletins on UK energy trends, total deliveries of oil products during the first three months of the year actually increased by 5.7 per cent over the same period last year to a total of 24.2m tonnes.

Demand

Petrol consumption rose by 4.1 per cent, while the very cold winter drove up demand for premium domestic heating oil by 20.5 per cent and for the regular heating grade by 14.3 per cent. Deliveries of fuel oil increased by 9.3 per cent, while gas/diesel oil demand increased by 8.2 per cent. Total energy consumption in the UK was up by 9.2 per cent.

UK stocks of petroleum held by the oil companies were standing at 17.1m tonnes in April according to a provisional estimate by the Energy Department compared with 15.5m tonnes a year earlier.

Demand cannot keep rising inexorably. Prices are perhaps climbing fast enough to deter some users, but more importantly all the oil companies are now cutting supplies to levels beneath last year's deliveries.

Allocations are now running at anything between 97 per cent and 80 per cent of last year's supplies, and the position is unlikely to get any easier. The question remaining for the Government is how far it can leave supplies to market forces or how and when it should intervene.

At the same time, Sir Derek said that the early months of the year had been "near disastrous" for the industry because of transport disputes and the exceptionally cold weather.

Price of coal likely to rise soon

BY JOHN LLOYD

THE PRICE of coal is likely to rise in the near future, as the National Coal Board seeks to cut its mounting operating losses by increasing its tariffs in line with rising oil prices.

At the same time, figures released by the Department of Energy show that both production and productivity at the NCB's pits are significantly down for the first four months of this year on the same period last year, and that stocks of coal at the power stations have fallen.

The Central Electricity Generating Board is again being forced to consider the contentious possibility of importing cheaper coal from Australia under long-term contracts. Earlier this year, the CEBG said that it would burn 50m tonnes of coal in its power stations over the financial year 1979/80. It agreed with the NCB that the board would supply 75m tonnes, with another 5m tonnes to go to the South of Scotland Electricity Board—a total of 50m tonnes in power generation, the highest ever.

It is expected that some of the 5m tonne shortfall in supply to the CEBG would be made good by drawing from stocks. However, at 11.9m tonnes, power station stocks in April were 3.5m down on the same month last year and are now causing the CEBG some concern.

Australian imports, routed through Antwerp, appear increasingly attractive to the electricity supply industry, not just to make good the present shortfall, but on a long-term basis.

Substantial contracts, perhaps of 5m tonnes a year, must be placed well in advance over several years. Orders of this size, however, would be extremely unpopular with the NCB and with the miners, who would require Government approval.

Mr. Norman Lamont, the junior Energy Minister whose responsibilities include the electricity industry, has already met Sir Francis Tombs, chairman of the Electricity Council, and Mr. Glyn England, the CEBG chairman.

It is thought that the question of coal supply has figured in these talks, though no decision by the Government has yet been taken.

Sir Derek Ezra, the NCB chairman, made it clear early this year that he would "seriously consider" putting up coal prices later in the year if the NCB price strengthened. The NCB announcement of a 9 per cent price rise in March was coupled with the warning that a fixed price could not be guaranteed over the year.

At the same time, Sir Derek said that the early months of the year had been "near disastrous" for the industry because of transport disputes and the exceptionally cold weather.

The icy view from Greenland

BY HILARY SARNES IN COPENHAGEN

THE EUROPEAN Parliament elections are expected to attract a relatively big turnout in Greenland. But supporters of a united Europe will be disappointed if they think this will reflect strong Greenland interest in Europe. The election will, on the contrary, be an anti-European manifestation.

Greenland has been allotted one of Denmark's 10 seats in the European Parliament. The island forms a single constituency for the election and the 26,000 voters will have a choice between two candidates.

Strongly favoured to win the Greenland seat is Mr. Finn Lynge, 47, head of Greenland radio, and member of the moderate Left wing Siumut party. He is an anti-Marketer.

His opponent is Mr. Joergen Herlufsen, ex-police chief in Greenland but resident in Denmark for the past 10 years. He is standing for the Atassut party, which wants Greenland to remain a member of the EEC.

As an integral part of the Kingdom of Denmark, Greenland became a member of the EEC in 1973. But it was against the wishes of the Greenlanders. In the 1972 Danish referendum, 72 per cent of the Greenlanders voted against joining the EEC.

From May 1 this year Greenland obtained home rule, with the promise from the Danish government that if the Greenlanders want to leave the EEC they can do so. Greenlanders see the election to the European Parliament as an opportunity to confirm once again their

opposition to EEC membership. For this reason a relatively high turnout is expected, weather permitting. Some observers think as many people will vote this time as in 1972, when the turnout was 66 per cent.

Mr. Lynge's argument is not so much that he has anything against the EEC as such. But he considers that Europe is irrelevant to the needs of Greenland. He says that Greenland should base its policy of East-West rather than North-South co-operation.

He thinks that Greenland should seek to solve its problems in co-operation with Canada, Ireland, the Faroe Islands (also a Danish home dependency), and Norway rather than through co-operation with the EEC.

The Siumut party, which won a 13 to 9 majority in Greenland's first Parliament in an election in April, wants a referendum on EEC membership in 1981, a year before the EEC's 10 year transitional arrangements for Greenland expire. The call for a referendum is supported by Atassut, although this party hopes it will result in continued membership.

In the meantime, Mr. Lynge pledges himself to spend his time in the European Parliament endeavouring to work for alternative arrangements for Greenland's future relations with the EEC.

He plans to join the Parlia-

ment's Socialist group. This has aroused opposition from two small left-wing parties which have formed an electoral alliance with Siumut, the Independence party and the Workers party. They say that he should join the Communist group.

Mr. Lynge articulates the gut feeling of the Greenlanders that their country, 4,000 km distant from Europe, has nothing in common with the Continent.

The main concrete issue is opposition to the Common Fisheries Policy. In or out of the EEC, Siumut wants a 100-mile fisheries limit.

It is true that from 1973 to 1978 the EEC provided Greenland with social and regional fund disbursements totalling Dkr 234m (£21m). But according to Mr. Lars Emil Johansen, member of the new Greenland Government responsible for industrial development, in 1978 alone EEC fishing vessels made a catch in Greenland waters worth at least Dkr 600m. It's a clear case of exploitation, he tells his audiences.

The EEC reply to this is that the catch is subject to quota restrictions. The Greenlanders are given as much of the quota as their fishing fleet has the capacity to catch and other vessels only get what's left. But Mr. Johansen believes that Greenland can go one better. He has suggested that Greenland should auction off fishing licences much as other countries auction oil concessions.

Electric vehicles chances boosted

BY DAVID FISHLICK, SCIENCE EDITOR

AMERICA'S TROUBLES with oil could provide the electric vehicle industry with the impetus and the cash it needed to make the jump from the present-day commercial electric vehicle to the electric car, a senior Department of Industry official told the industry yesterday.

The electric passenger vehicle still needed a lot of development money, said Dr. Duncan Davies, the department's chief scientist and engineer.

When Americans — "very affluent, very passionate, very prehensile" — found themselves banked at the petrol pump, they might well start to buy electric cars.

It could prove to be a money market, and the cars might be abandoned once oil supplies eased again. But even a money market could "pull through an awful lot of technology—and technology has been pulled through by sillier things than this."

Dr. Davies, speaking at the annual lunch of the Electric Vehicle Association, in London, warned the industry against losing its nerve for finding the cash and effort needed to continue development.

His own calculations indicated that the capital cost of the electric vehicle was still rather high. But in favourable circumstances — as illustrated by

the milk float and the fork-lift truck — there was an economic case to be made. The technology being developed in Britain, however, was "absolutely first class," and in batteries and systems the country was ahead of competitors.

But he admitted that his enthusiasm for the electric vehicle rested on his faith in the fuel cell, as a new kind of energy conversion system turning fuel directly into electric power. The country which had developed the infrastructure needed for the electric vehicle would be the one most receptive to the fuel cell, once it became competitive as an energy source, he believed.

Lord Ironside, president of the Electric Vehicle Association, said it was asking the Government to relieve electric vehicles — at present numbering about 45,000 in Britain — of the need to pay vehicle excise duty.

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Ferry surcharge

A FUEL surcharge of about 4 per cent is being introduced by B & I Line Ferrybrooke-Cork passenger car ferry services from Monday because of increased fuel costs. But passengers who have already booked will be exempt.

VAST SPRING SALE

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Shades 14'4" x 8'10" RP £2885 OUR PRICE £248

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Kashmir 8' x 6" RP £200 OUR PRICE £135
Kashmir 10' x 8'9" RP £258 OUR PRICE £285
BAKISTAN—OVER 500 to choose from
Many colours and designs 5' x 3' RP £138 OUR PRICE £89
Many colours and designs 6' x 4' RP £197 OUR PRICE £132
Many colours and designs 8' x 5' RP £350 OUR PRICE £225
Many colours and designs 10' x 7' RP £585 OUR PRICE £385
Many colours and designs 12' x 9' RP £895 OUR PRICE £595

RUMANIAN—Persian Design
Persian 6' x 4' RP £360 OUR PRICE £240
Persian 8' x 6" RP £885 OUR PRICE £450
Persian 12' x 10" RP £1500 OUR PRICE £980
Persian 14' x 10" RP £1980 OUR PRICE £1280

CAUCASIAN & TURKEMAN
Shirvan 4'8" x 2'8" RP £295 OUR PRICE £198
Kazak 8'5" x 4'5" RP £418 OUR PRICE £235
Old Kazak 8'7" x 4'5" RP £418 OUR PRICE £

UK NEWS

Economic growth 'hit by skill shortage'

A CRITICAL SHORTAGE of skilled workers, particularly qualified scientists and engineers, is holding back economic growth, according to a survey by the Scottish Council for Development and Industry.

Training has not kept pace with the demand for skilled labour, particularly in the new advanced technology industries, said a report published yesterday.

Of 106 manufacturers approached, more than half said they had recruitment difficulties.

Mr. Douglas MacDonald, chairman of the council's economic committee, said the shortage was hitting the electronics and electrical engineering industries.

"This must inhibit the expansion of companies and must inhibit the attraction of inward investment. We have just had a clear illustration of this with the attempt by the Irish Development Agency to attract skilled British labour."

The council recommends increasing training grants as a way of encouraging companies to take on more apprentices, and raising levies on those which do not train but rely on poaching to fill their skilled labour requirements.

The Manpower Services Commission's Skills Centre have a role to play in areas where new skills are required, but they could be made more responsive to changing labour demands.

The relationship between the academic world and industry could also be improved.

"We feel that a dialogue should be conducted between those who train people and those who require trained workers. Sometimes they do not understand each other, so that the people who do the training do not know what they should be doing," said Mr. MacDonald.

Manpower Shortages in Scottish Manufacturing Industry. Scottish Council, 1 Castle Street, Edinburgh. £2.50.

Expansion will create Ulster jobs

By Our Belfast Correspondent

EXPANSION planned by a number of thriving clothing, carpets and electronic companies in Ulster should provide about 380 jobs.

The Northern Ireland Department of Commerce, which is providing financial aid for the expansion programme, said yesterday that 280 of the jobs would result from growth of the Cloughmills Manufacturing Company in Co. Antrim, whose associate, Glenowne Shirt Co., is to open a new factory.

This will employ 200 in manufacture of fashion, sports and casual wear for chain stores and mail-order houses. The remaining 80 jobs will be provided through expansion of other plants in the group.

About 50 jobs will result from building of a factory at Lisburn for MAM Electronics, which manufactures television sets for rental companies.

Ulster Carpet Mills of Portadown will provide 50 jobs after expansion and re-equipment costing £3.4m.

Store changes fire drill after tragedy

Financial Times Reporter

NEVER MIND the cash, and save lives, is the instruction by F. W. Woolworth to its till staff after the Manchester store fire tragedy three weeks ago, when 10 people died.

Until then Woolworth assistants were told that if a fire alarm went off they should empty the tills and hand the money to cashiers before assembling at fire escapes.

But now, after concern by the Manchester Woolworth staff that company rules put too much emphasis on saving money and not lives, the company safety manual will be rewritten.

Mr. Jim Bradwell, a Woolworth director, said yesterday that other safety rule changes would follow the investigations, and possible recommendations from the inquests into the deaths.

Woolworth will install sprinklers and new alarm systems, and has banned smoking in its stores.

ICI to spend £20m on two new plants in Cheshire

IMPERIAL CHEMICAL Industries is to spend almost £20m on building two new plants in Cheshire. One will produce ammonium chloride, the other sodium hypochlorite, to improve safety at public swimming pools.

In the past three years ICI has urged the Government and local authorities to insist on sodium hypochlorite instead of chlorine gas to purify swimming pool water.

The group says that a chlorine leak at a swimming pool might be highly dangerous because the poisonous gas could find its way into the air-conditioning system and be pumped round the building.

The risk is particularly great at sports complexes where squash or badminton players might find themselves breathing chlorine that had escaped from swimming pool pipes.

Earlier this year the Government accepted the case against chlorine and ordered local authorities to find an alter-

native to purify their pools by 1985. The Environment Department has recommended sodium hypochlorite, a liquid, which does not become gaseous at normal air pressure. Chlorine, although kept as a liquid under pressure in swimming pool purification systems, would become gaseous if it escaped.

Power stations

ICI said yesterday that it had taken account of the expected increase in demand for sodium hypochlorite when planning its new plant. The £8m plant will be the world's biggest, with an annual capacity of 250,000 tonnes.

It is to be built at Runcorn and will come on stream late next year. Work on the plant, which will double ICI's sodium hypochlorite capacity, is to start immediately.

Sodium hypochlorite is used for purifying water in power stations as well as swimming

pools and to make domestic bleach. ICI produces chlorine as well as sodium hypochlorite. It expects demand for chlorine for making solvents to increase. That would offset the end to its use as a swimming pool purifier.

The ammonium chloride plant will cost £11.75m and will be built at Warrington in Cheshire. It will have a capacity of 40,000 tonnes a year and will replace an older unit, built in 1926, that produces less than 20,000 tonnes of ammonium chloride a year. Ammonium chloride is used extensively in making dry batteries.

The ammonium chloride plant will be the first investment for 10 years at the Warrington works. Work is to start at once and it is expected to be completed early in 1981.

The new plant will employ only 30 people, compared with the 50 jobs at the old unit. ICI said that employees would be redeployed and there would be no redundancies.

FMC's Stirling bacon factory faces imminent closure

BY CHRISTOPHER PARKES

ANOTHER FMC bacon factory, at Stirling in Scotland, is in imminent danger of closure, a senior company official warned yesterday.

And, he added, three or four of the company's remaining ten curing plants could go the same way as Brierley Hill, closed in December, and Harris of Caine, "home of British ham," which puts up the shutters this month.

Relief may be on the way, however. Negotiations for assistance between the Ministry of Agriculture and the EEC Commission in Brussels are understood to be well advanced.

And the Ministry hopes to be able to announce aid plans within the next two weeks.

"If things carry on as they did last year we will be obliged to close Stirling," the official said. "The gross margins at the plant made it impossible to reap any profit in 1978."

"Without the Government temporary employment subsidies (now being phased out) we would have closed Stirling by now," he added.

FMC, which manufactures about 25 per cent of British bacon output and is by far the biggest curer in the country, last year embarked on a major rationalisation programme to

help boost its meagre profits. Mainly owned by the National Farmers' Union Development Trust, the company, formerly known as the Faststock Marketing Corporation, made a profit of only £608,000 in the first half of the current year on turnover of almost £240m.

As well as curing bacon the FMC is Britain's biggest slaughterer, processor and distributor of meat.

The Stirling factory has been in trouble for some time, since there is little demand in Scotland for the type of bacon produced there. High transport costs to England have compounded other difficulties.

Nuclear inspectors clear cracked Dungeness reactor

BY DAVID HSHLOCK, SCIENCE EDITOR

THE GOVERNMENT'S nuclear inspectors have given the all-clear for the reactor at Dungeness to return to power.

Cracks were discovered last winter in 6 ft wide steel dishes in the gas coolant system during a routine overhaul of one of the Magnox reactors at Dungeness A station in Kent.

The discovery delayed a return to power, since the Nuclear Installations Inspec-

torate insisted on reviewing the repair procedures of the operation, "the Central Electricity Generating Board."

The nuclear inspectors said yesterday the information from the Board confirmed that the cracks appeared during the manufacture of the 13-year-old reactor and were not a result of its operation.

The forgings had stood up to proof pressure tests both in the factory and on site. Further

tests had shown that the cracks were stable.

"The Inspectorate is satisfied that the defects will not affect the safe operation of the reactor," it said.

The CEBG has already begun to return the reactor to power and expects to be back to full power next week. But it plans to keep the cracks under constant surveillance and new-fitted instruments will detect any tendency for them to open.

Lloyd's £45m redevelopment plan

BY JOHN MOORE

LLOYD'S of London yesterday unveiled its £45m redevelopment programme which will create a new underwriting room for its market.

Final planning permission for the proposed scheme is expected in the autumn, and the redevelopment will involve a year of demolition work on the Leadenhall site of existing Lloyd's property, and six years of building

work. Architects Richard Rogers and Partners have designed the new building to strengthen the character of Leadenhall market. It includes a wine bar, shops, a replica of the 18th century Lloyd's coffee house, and Lloyd's public exhibition and reception spaces.

The main working area of the building is surrounded by six lift/stair external towers.

Internally the building features a series of galleries above a large underwriting area on the ground floor.

Lloyd's dismissed the idea of the refurbishment of the existing buildings and explained that it would "be very costly and more important entail a splitting of the underwriting room. The Committee of Lloyd's believes very strongly that business at Lloyd's must be conducted in a single room."

Architects Richard Rogers and Partners have designed the new building to strengthen the character of Leadenhall market. It includes a wine bar, shops, a replica of the 18th century Lloyd's coffee house, and Lloyd's public exhibition and reception spaces.

The main working area of the building is surrounded by six lift/stair external towers.

OBITUARY Alan Hodge

ALAN HODGE—co-editor of History Today with Peter Quennell since the journal was founded in 1951—died on May 23 aged 63. He will be sadly missed by his friends and colleagues in Bracken House, where he provided one of the few remaining personal links with Brendan Bracken, the architect of the modern Financial Times.

Hodge was born in October, 1915. His father was Commodore of the Cunard Fleet and he was educated at Liverpool Collegiate School from where he won a scholarship to Oriel College, Oxford. He was a good undergraduate poet and Walter de la Mare thought highly of his work. He became a friend of Norman Cameron, another poet, and came into the circle of Robert Graves who was then living at Deya, Majorca. He joined Graves there while still an undergraduate and at the outbreak of the Spanish Civil War in 1936, escaped with Graves in a British destroyer.

He later wrote a novel about these exploits, entitled *A Year of Damage*. Those who have read the manuscript speak of its brilliance. But with the excessive diffidence that characterised his attitude to his own creative work he resisted having it published.

He did, though, appear in print as a poet in a joint volume with Graves and Cameron, *Work in Hand* (Hogarth Press). Later he

New chief executive for British Airways



MR. ROY WATTS

MR. ROY WATTS, aged 53, director of finance and planning for British Airways, was yesterday appointed chief executive of the airline, writes Michael Dombois.

He succeeds Mr. Ross Stainton, who has been appointed chairman of British Airways after the resignation for personal reasons of Sir Frank McFadden.

Mr. Watts will relinquish his present job, so the airline must appoint a new director of finance and planning, as well as a new engineering director to replace Mr. Kenneth Wilkinson, who becomes deputy chairman.

Mr. Watts was trained as an accountant and joined British European Airways in 1955. After the merger with BOAC to form British Airways, he served as director of commercial operations.

As chief executive, he will be responsible for all day-to-day operations of the airline.

English apple campaign

By John Edwards, Commodities Editor

AN ATTEMPT by English apple growers to win back sales lost to imported varieties, especially French Golden Delicious, was announced yesterday.

East Kent Packers, which terms itself the largest growers' co-operative, and the Saphir group are campaigning to increase sales of Crispin, a newly developed variety which, it is

hoped, will extend the British apple season further into the summer.

Crispin, originally developed in Japan from Gold Delicious and Jado, a Japanese apple, can be kept for longer than the normal UK apple.

Thus it may be sold until early August, when the main UK variety, Cox's, are no longer available.

Crispin is a large apple, catering for the increasing popularity for bigger varieties and is said to be suitable also for cooking.

Collaborated with Graves on two prose volumes, *The Long Weekend*, and *The Reader Over Your Shoulder*, a study of written English which has become a textbook for authors and journalists.

During World War Two he joined the Ministry of Information and served there as assistant private secretary to Brendan Bracken from 1941 to 1945. He continued to work with Bracken after the war and among his duties was attending daily conferences to decide the contents of the *Men and Matters* column in the FT.

Hodge was a perceptive editor with a keen eye for fresh literary talent and also for the technicalities of proof-correction. His occasional reviews for the FT Books Page were much valued, and he was editor of the *Novel Library* for Hamish Hamilton from 1946-52 which reassured classic fiction when paper rationing was relaxed.

Bracken drew Sir Winston Churchill's attention to Hodge's gifts as an historian when Sir Winston was beginning his work on English history. Hodge became head of the committee which planned *The History of the English Speaking Peoples*. He also worked for a while with Lord Avon on his autobiography.

In 1948 he married Jane, daughter of the American poet Conrad Aiken, who survives him with their two daughters.

ANTHONY CURTIS

LABOUR NEWS

Texaco plans to sack oil platform yard strikers

BY RAY PEARMAN, SCOTTISH CORRESPONDENT

By Ray Pearman, Scot. Corres. TEXACO intends to sack the majority of strikers at the yard building essential components for its Tartan Oilfield production platform, and attempt to recruit a new work force to finish the job on time.

The 800 men on unofficial strike for two weeks for a £1,300 completion bonus, have been given until tomorrow to resume normal working. By yesterday afternoon about 80 had indicated they would.

The rest voted overwhelmingly at a meeting to ignore the company's threat of dismissal and continue their action.

The yard, Burntisland Engineers and Fabricators, in Fife, is building four process and drilling modules which were due to be ready at the beginning of May.

Texaco faces the task of completing the work with new labour in time to float the modules out to the field and install them on the platform while mild weather lasts.

Otherwise it will have to wait till next summer. The strikers rejected a £290 bonus, though recommended by union officials. Part of their concern is that the yard may be closed as soon as the Texaco

contract is complete. Mr. Peter George, chairman of the shop stewards, said that the men had been told officially by British Shipbuilders, which owns 75 per cent of the Burntisland company, that the yard would be put on a "care and maintenance" footing as soon as the work ran out. This would mean most workers being laid off.

"This has been one of the main factors in determining the decision of the men," he said. "We will be meeting again next Friday, but we are available for talks with the management at any time, night or day."

Pilkington Glass pay offer is rejected

BY PAULINE CLARK, LABOUR STAFF

UNION REPRESENTATIVES of process workers at Pilkington glass company, St. Helens, said yesterday that they rejected both a pay offer and management proposals for agreement on new technology.

Mr. David Warburton, national officer for the industry in the General and Municipal Workers' Union, will consider the unions' next move at a meeting with St. Helens shop stewards on Monday. Further talks with management are expected before the July settlement date.

The company's pay offer of about 9 per cent on the basic rate was described as "not acceptable." It would add £7.30 to the £63.52 basic minimum.

The failure to agree on terms for introduction of new technology was seen by both sides as equally disappointing. The company is preparing for a £70m float glass plant between 1980 and 1981. It prefers closure at the same time of the old sheet glass plants at St. Helens.

The new plant will employ about 400 workers, against 670 to 700 jobs at the sheet glass works. The company employs about 9,700 process-workers in the UK, of whom 6,300 work at St. Helens.

Union leaders last night were considering a "slightly improved" offer to 50,000 manual workers in ICI. A rejected offer was estimated at about 15 per cent.

Suspended for Tory link says shop steward

ACTIVE Conservative Party member Mr. Bill Dodds claimed yesterday that he was suspended from his shop steward's job by the Transport and General Workers' Union because he spoke out in support of secret ballots.

The union's Southampton regional committee found him guilty of contravening the rules by making unauthorised disclosures of union business. He had spoken to the Press and on radio and television during last autumn's nine-week Ford strike.

He works at Ford's body plant at Swaythling, near Southampton.

Mr. Dodds, a 51-year-old father of four, says that union

officials were "upset about my political leanings."

"I switched from the Labour Party to Conservative about eight years ago because I felt Labour was moving too far to the Left. I campaigned for the Tories during the General Election."

He says that not only did he speak in support of secret ballots in the Ford strike, but he organised an unofficial ballot in which more than 3,000 shop floor workers backed his view.

Mr. Dodds, a shop steward at Swaythling for 18 years, will appeal to the union's general executive against suspension. If that fails, he plans to take his case to an industrial tribunal.

NEWS ANALYSIS—TUBE STRIKE THREAT

London could be brought to a halt

BY PHILIP BASSETT, LABOUR STAFF

LONDON FACES its first stoppage of the Underground since the General Strike of 1926.

The National Union of Railwaymen yesterday said that if a better pay offer was not put to London Transport's 23,000 Tube workers, it would call an indefinite strike from Monday, June 18, through this gives time for a full round of negotiations and interventions to take place.

Though Underground services last year accounted for only 17 per cent of journeys to and from work in Greater London, according to London Transport, compared with 32 per cent carried by bus, union officials are aware that a shutdown of Underground services would place an immense strain on the alternative transport and would be likely to increase road congestion massively. About 435,000 commuters use the Tube on weekdays.

The unions say that pay policy settlements have distorted the pay structure for Tube workers agreed with the LITE in 1974 and, taking advantage of the effect of various settlements on the Labour Government's Stage Four target of 5 per cent, it is determined to press in this year's claim for that structure to be re-instated.

Tube train settlements, though, have tended to be influenced by the British Railways Board's agreements with main line staff.

The BRB April settlement gave a new basic rate to drivers—one of the grades where a direct comparison with LITE staff can be made—of £74.20, plus a £4 supplement—an increase on the previous basic rate of 18.2 per cent.

The unions then argued that in order to reach anything like that figure for the tube driver or motorman and to return to the 1974 structure the existing £2 supplement to the tube workers' pay would have to be consolidated and then the inclusive rate increased by 11 per cent for a railman, with corresponding increases for other grades, to give a new pay structure.

The second claim—which was decided on after careful consideration—of 12 and 15 per cent increases for railmen and corresponding increases for the LITE motorman per week above the BRB driver.

Mr. Ralph Bennett, LITE chairman, said in the executive's 1978 annual report that "the rates of pay for staff will have to remain competitive with those of other employees in the London area if staff shortages are to be avoided."

The unions argue that if their claim is not met London Transport will not be able to match the attractiveness of pay for their own busmen and mainline railway pay and recruitment will fall.

London Transport, which is already expected to raise its Tube fares by almost 10 per

cent this month, replied with an offer which would put £7.23m on its £70m pay bill for the grades involved.

The offer also included a 9.8 per cent increase in the London weighting allowance, from £349 to £383, a guaranteed minimum earnings level of £55.50 a week in line with the main line settlement, two days extra leave for conciliation staff and other improvements.

The differential of the automatic train operators, who work on the Victoria Line, would be maintained on the acceptance of the introduction of one-man operation on the Hammersmith and City and Circle lines, with the extension in the course of time to the remainder of the District and Metropolitan lines. The LITE has been pressing for this since 1968.

The unions estimate that the effect of the proposals for one-man operations would be a loss of 87 guards' jobs, and said that while they were prepared to talk about single manning it should not be brought in as part of this year's pay settlement.

In subsequent negotiations, LITE officials said that the offer was as far as the executive could go, though they said this week before the NUR took its decision that they would be prepared to re-arrange the terms of the offer if the unions wanted it in order to reach a settlement.

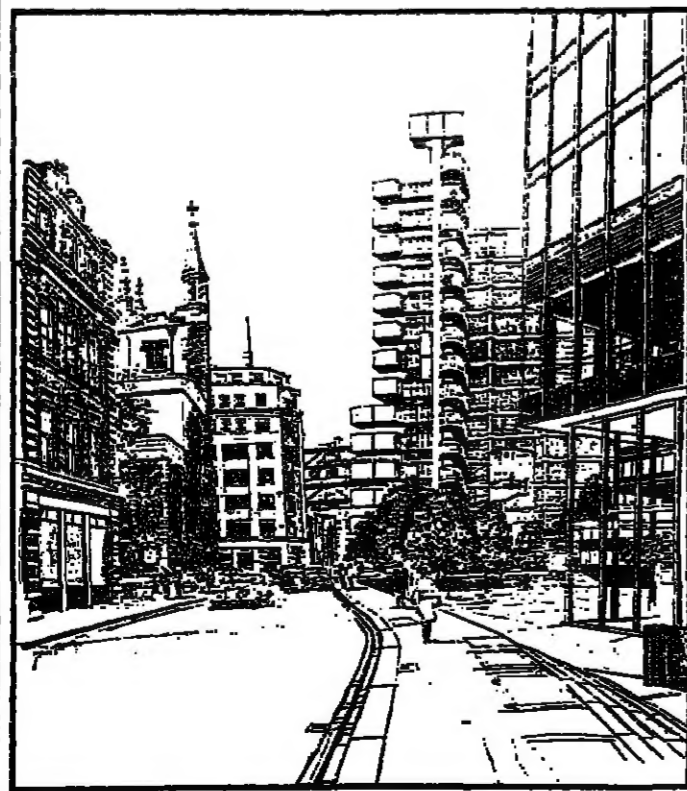
Attitude They made it clear, though, that they considered the offer reasonable in the light of outside settlements, and that they could see no justification in meeting the unions' claim, which they estimate would put 17 per cent, or £11.9m on the wage bill.

The result of what the NUR called the "adamant attitude" was the strike call.

Mr. Charlie Turnock, assistant general secretary of the NUR, spoke yesterday of "stopping the system" but with 18 days before the strike date there is still time for a settlement.

TUBE PAY

	Present basic rate (£)	First claimed rate (£)	% rise of claim	2nd claimed basic rate (£)	% rise of claim	Present LITE basic rate (£)	% rise of offer
Railman	47.25	55.30	17.0	52.45	11.0	51.25	8.46
Station foreman (C grade)	52.00	61.80	18.9	58.71	12.9	56.40	8.46
Signalman (Grade 13)	60.41	73.35	21.0	69.67	14.9	64.02	8.46
Guard (Grade E/M)	53.94	64.10	18.8	61.04	13.1	58.59	8.46
Motorman	62.04	82.75	21.6	78.28	15.0	77.05	13.24
Automatic train operator	77.78	95.60	22.9	90.41	16.2	88.06	13.21



Artist's impression of Lloyd's scheme.

London medieval gate unearthed

THE GROUND plan of a medieval postern gate and a portcullis slot outside the Tower of London have been identified after recently completed excavations.

The structures formed a substantial part of the city

defences. The main part of the "dig" was carried out by a team of London archaeologists on behalf of the Department of the Environment's Ancient Monuments Inspectorate.

The stone structure is about three metres high and varies in thickness from 75 cm to half a metre. It has not been seen for several hundred years.

An ancient monument inspector said the structures were shown on a map from the Tudor period.

He did, though, appear in print as a poet in a joint volume with Graves and Cameron, *Work in Hand* (Hogarth Press). Later he

John Hodge

THE WEEK IN THE MARKETS

Equities remain morose

A rather shell-shocked equity market has managed to make a little progress over the past week, but the undertone is still decidedly morose. There was a good deal of relief when settlement day for the harrowing election account passed without the widespread defaulting that some brokers had feared, but the market has seen little enthusiasm. The 30-share index has been depressed by the continuing decline of the Beecham share price, which has fallen by more than 10 pence since its disappointing 1978-79 figures were announced.

For gilt-edged the approach of the Budget and the absence of official economic statistics have both made for rather featureless trading. This has prevented the market from setting slightly worked up about the banking figures for the April-May month which will be published on Tuesday, but his has led to caution rather than outright selling. Buyers of gilts now are taking a long-term view rather than hoping for immediate gain; the market is skirting for re-assurance from the Budget rather than any remarkably good news.

The presence of the potentially footloose NEB stake makes a rights issue out of the question at present. The ICL management insists, however, that it would not consider issuing new equity in any case. At the moment ICL is generating enough cash to avoid a substantial increase in its gearing.

But this does mean that the company is not going to waste funds on anything so frivolous as a high dividend, despite the cover of 10 times (seven taking uncovered ACT into account).

Mystery brewing

A mystery about the latest crop of brewery results is that almost all the companies claim to be increasing, or at least maintaining, market share. Last week's figures from Bass, for instance, suggest that this brewer alone accounts for more than the industry's volume increase over the past year.

Whitbread and Bass are likely to be doing better than the other nationals but there are already indications that the majors are starting to gain ground on the regionals—a trend which could well accelerate.

The impressive profits rises recorded by these two groups, 24 per cent net of property disposals at Bass and 25 per cent for Whitbread, show a strong recovery from strikes even though in the past few months prices have been pegged by the Price Commission, a net which some of the regionals have been able to slip through.

The lifting of controls should improve earnings for the nationals but may also give them more freedom to institute regional pricing policies, cutting margins in the cut-throat south-east while improving in less competitive areas.

A good summer would help the fast-growing lager sector, where Bass, for example, is strongly placed, while the nationals may also attack the other end of the market, real ale, with their regional beer names.

Comparisons are not straightforward as with spirits and hotels—with no price controls to worry about—have outperformed beer for many brewers. Equally, the absence of Easter from some reporting periods and a major acquisition in the case of Greenhall Whitley have obscured the trend. Figures from the other majors should throw some more light on the issue but barring massive duty increases in the

Budget or widespread industrial action, breweries generally look set for a healthy year, with the nationals promising a little more than the regionals.

Property rights

It does not seem so very long ago that property groups were almost afraid to lift their heads over the parapet. Shrinking asset backing and a blanket development veto were followed by elaborate rescue packages for those groups that evaded the receiver, and the sector resembled little more than a static, if substantial, rent collecting agency.

No more. Even on the wilder fringes of the property market, things are stirring again. And for the major sub-sector index constituents the right issue queue now looks an acceptable avenue along which to carry out a final balance sheet strengthening and a significant re-entry into development.

MEPC, the second largest UK property group, unveiled plans

cent unless there is any big plunge into new schemes.

So MEPC follows recent fund raising from Scottish Metropolitan and Brixton Estates and the rationale for the three rights clearly stems from the upturn in property values this year.

Land Securities Investment Trust, Britain's foremost property company, confirmed that upturn on Wednesday when the biennial revaluation revealed a 43 per cent improvement in the value of its portfolio to almost £1.2bn. Fully diluted net assets were therefore shown at 370p per share against 233p two years ago and an indicated backing of perhaps 200p at the time of the sample valuation a year ago. The rise in values in the 12 months to March has probably been around 18 per cent.

Tasty Borthwick

Thomas Borthwick, the highly-cyclical meat business which since going public in 1976 has shown shareholders the dark side of the cycle, came up with some much tastier figures for the first half of its 1978-79 year. Pre-tax profits are ahead at £5.6m, after £2.2m, and the group could well make £15m for the year. But then everything is going right for Borthwick—the beef price is high, and most importantly the U.S. has raised its import quotas, which allows the company to sell more Australian beef on the lucrative U.S. hamburger market. Borthwick is working hard at improving the non-cyclical side of its business—retailing, and the flavour and essence division—but investors are still going to need convincing that wild

swings in profits are a thing of the past.

Dunlop, where annual profits dropped from £57m to £33m during 1978, warned shareholders that the essential recovery in its European tyre business would be a "hard slog."

Speaking at the annual meeting, chairman Sir Campbell Fraser emphasised that the speed with which the group could push ahead with the recovery of its tyre operations in Europe would make the most difference to the results.

January and February were poor, he added, as a result of the harsh winter and the transport drivers' strike but he hoped these were "exceptional months". The European companies have been showing an improvement over last year and

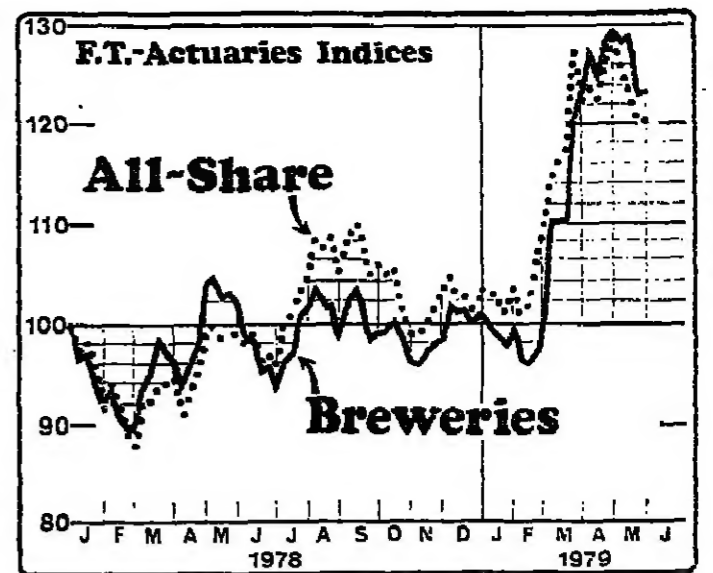
Dunlop's subsidiaries elsewhere continued to trade well.

TOP PERFORMING SECTORS IN FOUR WEEKS FROM MAY 3

	% change
Shipping	-0.2
Household Gods	-2.1
Overseas Traders	-2.7
Miscellaneous (Unclassified)	-2.9
Hire Purchase	-3.3
Newspapers, Publishing	-3.8

THE WORST PERFORMERS

	% change
All-Share Index	-6.8
Wines and Spirits	-11.0
Insurance (Composite)	-11.1
Insurance Brokers	-11.6
Office Equipment	-13.4
Toys and Games	-13.5
Pharmaceutical Products	-14.8



MARKET HIGHLIGHTS OF THE WEEK

Ind. Ord. Index	Price Y'day	Change on Week	1979 High	1979 Low	
Gold Mines Index	195.3	+ 7.1	558.6	446.1	Small technical rally
B. & Q. (Retail)	87	+27	91	78	Record bullion price
Bambers Stores	310	+24	325	113	Impressive debut
Beecham	570	-28	755	567	Chairman's confident statement
Brown & Jackson	930	+210	930	218	Re-rating after poor results
Central Pacific Minerals	660	+110	680	340	Prior to Monday's share split
De Beers Deft.	421	-25	482	364	Oil shale development hopes
Falcon Mines	290	+40	290	132	Cooler market for diamonds
Finlas	165	-35	200	88	Handover of power in Rhodesia
Hunting Gibson	215	-27	220	98	Profit-taking
LASMO 'Ops'	765	-85	765	375	Speculative demand
MFI Furniture	400	+40	400	162	Increased North Sea oil prices
Mountview Estates	140	-22	148	90	Investment demand
P.M.A.	121	+21	121	59	Annual results due Wednesday
Sheepbridge Eng.	103	+37	105	62	Return from suspension
Thermal Syndicate	146	-20	146	88	Recommended bid from GKN
UBM	81	+ 9	83	65	Speculative bid hopes

† Based on issue price.
* Based on Wednesday's opening price.

U.K. INDICES

Average week to	June 1	May 25	Mar 18
FINANCIAL TIMES			
Govt. Secs.	72.86	72.84	73.31
Fixed Interest	75.12	75.09	75.88
Indust. Ord.	513.7	513.7	528.2
Gold Mines	194.6	184.8	172.9
Do. (Ex 5 pm)	159.9	148.1	141.7
Dealings mks.	4,214	4,771	4,471
FT ACTUARIES			
Capital Gds.	266.09	267.43	276.54
Consumer (Durable)	246.48	246.26	252.55
Cons. (Non-Durable)	248.25	247.42	255.95
Inds. Group	252.19	252.63	261.74
500-Share	284.87	284.56	293.36
Financial Gp.	201.57	199.49	207.30
All-Share	261.65	262.25	269.59
Red. Debs.	60.42	60.98	61.31

Mis-timed break

WAS probably not the best time for Wall Street to take a holiday. There was a lot of news which sent shares tumbling, and in the coming months the market may well slide that this was the week when the economy finally awoke.

The market opened nervously after the Memorial Day holiday. Fine stocks were weak following the DC-10 crash in Chicago. President Carter was due to hold a Press conference in the afternoon. But much of the top in the Industrial Average was due to the growing rain that Brascan would not be able to pursue its \$1.13bn bid for F. W. Woolworth. As a result, shares in Woolworth, a component of the Average, dropped over \$2 to around \$24. re enough, Brascan pulled it the next day.

But by then, the market had other things to worry about. Wednesday brought the latest

Caesars World which got a temporary licence to open its new Atlantic City casino later this month, a development which revived interest in gambling stocks.

The mystery of the week was DuPont. The Chemical giant's shares dipped \$5 on Wednesday to around \$126. The company itself said it knew no reason for this, though the market noted a report from Bache Halsey Stuart Shields which downgraded its earnings prospects in the light of higher feedstock costs.

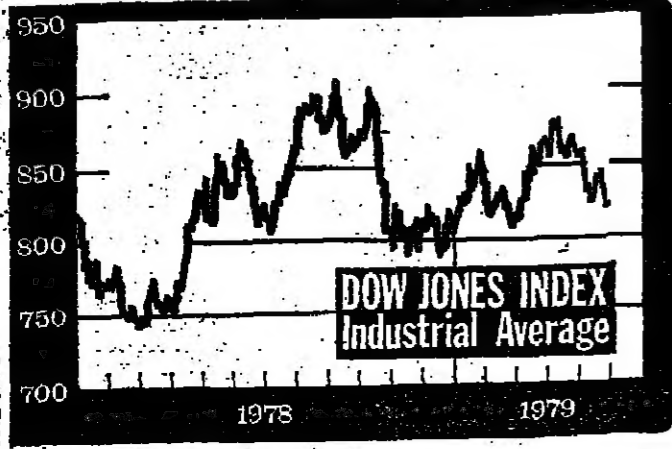
In fact, oil prospects continue to dominate the market with Mr. Carter's oil price decontrol plan going into effect yesterday. This will benefit oil companies with strong domestic reserves. Donaldson, Lufkin and Jenrette list eight companies which they say are especially impacted by oil price control. Marathon, Getty, Shell Oil, Sun, Cities Service, Amerada Hess, Standard of Indiana and Union Oil. Even if decontrol only gets through with a tax on windfall profits, as Mr. Carter proposes, DLJ believes that earnings will still show good gains.

But these will be slow coming. Decontrol is to be phased over the next 28 months, meaning that investors must look beyond 1981 for their biggest returns.

The rise in oil prices will also be one of the big factors determining the strength of the recession, which the market believes is nigh. Not that the market dreads the prospect of an economic slowdown. Providing it is not too sharp, it should give the economy a breathing space, remove some of the heat and hopefully reduce inflation. So corporate profits need not take a knock. On the other hand, a sharp slowdown would bring out the bears. Most brokers are advising caution for the time being.

CLOSING PRICES

Day	Close	Change
Monday	Mkt. closed	Holiday
Tuesday	832.55	- 3.73
Wednesday	822.16	-10.39
Thursday	827.33	+ 0.17



How to keep a lot more of what's yours.



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FINANCE AND THE FAMILY

The burden of VAT

BY OUR LEGAL STAFF

Who pays VAT charges in a sale of land by auction? On whose behalf are the sums involved held and how is one to know that it reaches the Revenue?

The VAT element in a bill for the supply of services (or goods) is virtually always borne by whoever bears the basic cost of the services (or goods). There is really no way of checking whether the supplier (taxable person) makes a correct return to the Customs and Excise, but as there is no liability upon the customer, the point is of no direct consequence to him.

Presumably the VAT you are referring to relates to the auctioneer's commission etc., which falls to be borne by you.

Tax inspector's error

Is the Inland Revenue legally entitled to raise further assessments for past years (not exceeding six) in order to correct relief given in error against higher rates of tax? I have contended that as the error arose because of a "mistake of law" the further assessments are NOT recoverable. (I have made the distinction between "mistakes of fact" which I believe can be recovered.) The Inland Revenue error arose because in each year's assessment the gross annual payment under a Deed of Covenant was added to the maximum of the basic rate band, thus effectively reducing the amounts chargeable in the higher rate bands and the additional rates on investment income. The Inspector of Taxes now says that no such relief is due because of the operation of Section 457 Income and Corporation Taxes Act, 1978, and has made further assessments to correct the position in each of the relevant years.

German pensions and bank account

I am a German woman married to an Englishman and resident in the UK and have recently been granted a retirement pension of about £130 a month by the German government. This is being paid into a German bank. How do I stand as regards bringing the money into the UK which I do not wish to do because I want to help my son in Germany? What about the tax position? You should have no difficulty over obtaining exemption from UK exchange control in respect of your German pension and bank account. Your UK bank can supply the form for applying for exchange control exemption as a foreign national. The UK tax position is more difficult to help with, because you have not given us many facts to go on. If you were married in 1974 or later, you are presumably domiciled in Federal Germany; in that case, your German pension is not assessable in UK tax if it is retained outside the UK and your husband should ask for

Equity has no place in tax law, and Parliament has given tax inspectors greater scope for collecting extra tax they have overlooked than it has given to taxpayers for recovering tax paid incorrectly. The onus is between the inspectors' powers under section 29(3) of the Taxes Management Act 1970 and the taxpayers' rights under section 33.

Section 29(3) simply says that "if an inspector discovers... that any relief which has been given is... excessive, the inspector... may make an assessment in... the further amount which ought in his... opinion to be charged." However, if any of the original assessments were the subject of an appeal, and the deductibility of the annuity was in the inspector's mind when he agreed your proposal for made his own proposal which you agreed, the case may be, he may be unable to reopen that particular point. You have not given us enough information to guess whether this is a line worth pursuing.

If you feel that you have suffered injustice as a result of Inland Revenue maladministration, you might consider inviting your MP to refer your complaint to the Parliamentary Commissioner, but here again we cannot guess whether this is an appropriate course in your case.

A pattern of payment

For over 13 years I have paid my rates regularly in January and July, but our local council is now demanding payment in May and (presumably) November, which is inconvenient. Have I established any rights, such as I remember years ago you wrote in the case of quarterly payments to a newsgroup, to continue payments as before? Although you have made pay-

ments in January and July for over 13 years, the rating authority is empowered by statute to require payment in May and November as it now does. In this case we do not think that your pattern of payment over the last 13 years can override the statutory power. However, if your hereditament is a domestic one you are entitled to opt for monthly payments.

Central heating and rates

I own a property which is let in which central heating was installed prior to 1974 as to which the Valuation Officer was not advised. I now propose to sell this property. What please is the legal position should the Valuation Officer seek to recover arrears of rates since the time of the installation of the central heating?

While the central heating installation cannot rank as one which is to be discounted under Section 21 of the Local Government Act 1974, the effect of its having to be taken into consideration is only that a proposal for an alteration in the valuation list made now would be entertained even if the central heating was the only ground for the proposal. Nevertheless, the list would only be altered from the beginning of the rating year in which the proposal is made: no further "arrears" would be recoverable.

Cottage transfer to children

My wife owns a country cottage worth about £25,000 which she would like to transfer to our two children. Can we do this without incurring capital transfer tax?

We have for some time now suggested that a declaration of a trust for sale and a division of the interests under the trust for sale into a large number of parts will enable the owners to assign in each year sufficient of the equity in a house (for example 20/250th of your cottage) to absorb the annual gift exemption. If there is doubt about the value of the property

A landlord and maintenance

I own on 99 years lease a property where maintenance charges are payable half yearly to a landlord. I advised the landlord nearly a year ago that water penetrated a wall, causing considerable damage. Should the landlord at last decide to effect repairs and set them against all flat's maintenance charges in the same block would a claim lie against him for failing to insure against all normal perils or for failing to pursue a claim against the insurer in adequate time? Is it possible to claim disturbance or nuisance factor? Are there provisions under any Rent Act to make it possible to demand independent estimates for the work to be done?

No legal responsibility can be placed on a landlord for the cost of repairs given in these columns. All inquiries will be answered by post as soon as possible.

Father's lady friend

A house owned jointly by my father and myself is frequently visited, for days at a time, by a lady, but they occupy separate bedrooms. My father has by his will left the house to me. Could the law give the lady in question rights to the property in case of my father's death? The intervention of the court which you envisage would only arise where the woman had lived with the man as if she were his wife for some time and had occupied the house as a quasi-matrimonial home. So long as the woman in question does not reside permanently with your father's house there should be no risk of her acquiring an interest in the house. Your father can however change his will and leave her his half share in the property.

Not a resident landlord

A furnished cottage attached to the back of our garage has been let to a tenant. Could you tell us what protection our tenant has under the Rent Acts? Do we count as resident landlords? Does the rateable value matter, or the fact that the cottage is not separately rated? Do we have to have the rent registered? Can we give the tenant notice to quit? The tenant has the protection of the Rent Act 1977. We think that a claim to be resident landlord would not succeed in view of the separate physical identity of the cottage. The lack of separate rating will not affect the position. Either the tenant or you can insist on having the rent registered. You can give notice to quit, but are most unlikely to succeed in a claim for possession. However, further legislation in this field may be on the way.

The landlord's obligations to the tenant will (in your case) be governed by the covenants in your lease, if any. We cannot comment on the extent of cover actually effected. What cover should have been effected is again dependent on the terms of the lease. If the landlord has expressly covenanted to repair it might be possible to claim for disturbance over any excess period of repairing caused by delay in putting repairs in hand. The Rent Act does not apply to a long lease, but you may rely on Section 91A of the Housing Finance Act 1973 to make the landlord obtain independent estimates, if the work is extensive enough to fall within that provision.

Landlords and the Revenue

LANDLORDS pay tax on rents, obviously. What is less obvious, and less commonly known is that they pay tax on any premium charged to a tenant when a lease is granted, because such premiums are treated as if they were additional rent. (A premium paid to a landlord for granting a lease is not the same as one paid to an existing leaseholder for an assignment.)

The foregoing is a slight oversimplification. But as we shall see, this is an area in which complexity is built upon complexity and simplicity does not exist. We therefore need to examine individually the various component parts of the legislation.

The first provision, already mentioned, is designed to tax the landlord when he requires a premium, as if he were receiving extra rent. How much of the premium is to be treated as extra rent depends on the length of the lease. In the case of a long lease, one for five years or more, no part of any premium is taxable.

Where the lease is for less than five years, 2 per cent of the premium is exempted from the charge for each complete year in the lease term other than the first. In the case of a 10-year lease, for instance, 64 per cent of the premium would be treated as rent received by the landlord.

The landlord pays tax as if this 64 per cent were income received at the date the lease was granted. The tenant, if he is in business and entitled to a deduction for his rental expense, will deduct that 64 per cent deemed rent. But the law is not even-handed. The tenant gets his deduction spread throughout the term of the lease, not at the time of his cash outlay.

Landlords seeking to avoid this charge could at one time ask tenants to spend money on the property rather than pay a premium on the lease. This time has passed—the amount of any "work obligation" re-

quired under the lease is to be taxed as if it were a premium.

The value upon which the landlord is taxed in this latter case is a draftsman's delight—which is the same thing as saying it is a valuer's nightmare. The act does not concern itself with the amount the tenant spends, or is required to spend. It looks at the resultant increase, at the time of grant of the lease, of the landlord's reversionary value: the landlord will get back an improved building at the end of the lease in place of an unimproved one, and this difference has a present value.

TAXATION

DAVID WAINMAN

But this applies only to cases in which the tenant is required under the terms of the lease to spend the money in a specified manner. Developers frequently grant leases of premises which are only part-completed. A tenant taking a shop in a new development may find that it consists only of bare concrete walls—with no internal finish, no fittings and with no shopfront.

It is of course possible that the shopkeeper may wish to operate from premises in such a form, but it is more likely that he will wish to spend money on fitting them out. The landlord can, however, correctly point out to the Revenue that there is no requirement under the lease that the tenant should spend this money. It cannot therefore be taxed as the landlord's income.

In parenthesis, it is worth considering what relief the shopkeeper can obtain for the expenditure he incurs. Since no part of it is taxable in the landlord's hands, there can be no "deduction" under the pro-

vision already referred to which allows trading tenants to treat as expense the amounts upon which their landlords are taxed.

The tenant's expenditure has to be recognised as capital, and tax relief is therefore dependent upon his being able to attribute it to some asset upon which some tax allowance is due. Amounts which can be characterised as spent on "plant" will qualify for first-year allowances.

One of the general requirements in this connection is that the plant must "belong" to the trader who is claiming the allowance—and under the general law items which are "fixed" to land or buildings are owned by the landlord rather than by the tenant. The capital allowance legislation solves this conundrum by permitting a trading tenant to say that he has "contributed" to the cost of plant which comes to be owned by his landlord, but that his allowances flow from his act of contributing.

So far we have had an overview of the income tax legislation: it is in fact more complex than has appeared, since numerous anti-avoidance provisions have been written in. A landlord cannot, for instance, grant a lease at a low rent and without a premium, to an associate, and then arrange for a sum analogous to a premium to be paid to that associate when he assigns the lease to a third party. Similarly, arrangements for varying leases in order to achieve a like objective are also struck at.

But income tax is only a part of the story. Development land tax can also be charged in cases where the grant of a lease constitutes a disposal from which "development" value is realised. Whether there is or is not a charge to development land tax, capital gains tax will be relevant, and it is to this that the remainder of this article will be addressed.

A landlord who grants a lease at a premium is regarded as making a part disposal of his

land. Under the standard procedure for calculating gains on any part disposals, the proceeds are compared with the cost of what has been disposed of, this fraction of the total cost being found by multiplying that total by the "A over A plus B" formula. ("A" is the disposal proceeds, and "B" is the value of what is retained—that is the right to receive rent through the term together with the right to the reversion.)

But it is also a cardinal principle of capital gains tax that sums which are taxable as income must be excluded from the "proceeds" taken into account for capital gains. Our landlord who is taxed on 64 per cent of his premium as if it were rent will therefore bring that 64 per cent into the rental part of the formula, and will exclude it from the proceeds element.

If he lets three bare concrete walls to a shopkeeper, and the latter spends money on the premises, we have seen that the landlord is not required to pay income tax on what is spent. Does he therefore pay capital gains tax? The answer is no: the tenant's "voluntary" expenditure is left out of the landlord's computation.

But a less expected result follows where the tenant is required under his lease to spend some money. The income tax legislation may again produce a liability for the landlord at which the work is to be valued, but the remaining 36 per cent is not to be treated as proceeds of a disposal.

The draftsman has been entirely reasonable (a cynic might say uncharacteristically so). The landlord receives no cash out of which he could pay capital gains tax, and will therefore welcome the absence of any charge. He will also welcome the opportunity given to him to add to his original acquisition costs of the land a sum equal to the value upon which he has paid income tax.

Petrol shortages and storage

THE PRICE—and the shortage—of petrol look like becoming as much a perpetual topic of conversation as the British weather, except of course that your weather has recently become almost unmentionable. But if you think that you have anything to complain about here in Britain have a word with those over in the Republic of Ireland where motorists are now beginning to queue in the small hours long before garages open.

Cuts in petrol supplies, even if they do not lead to rationing—and petrol was last rationed in Britain at the time of the Suez crisis in 1957—must lead to reduced motoring. In the winter of 1973-74 after the Arab-Israeli war, supplies were down by around 10 per cent and as a result accident incidence fell by a similar percentage. In the past two years, partly insurers think because the price of petrol has been relatively cheap, accident incidence has continued to rise. In 1978 insurers reported up to a 5 per cent increase in incidence contrasted with 1977 while in the opening months of this year a further 20 per cent increase has been recorded—the bad winter being a compounding factor.

Eventually, increasing incidence results in either larger or more frequent premium rating increases or both. A real reduction in the amount of motoring each of us does should lead first to a stabilisation of incidence, perhaps even to a positive reduction: this must ease insurers' claims burden and might even cause

INSURANCE

JOHN PHILIP

insurers to moderate the premium demands that they would have otherwise expected to make later this year. Much of course will depend on how the other principal cost aggravating factor, inflation, bears on repair bills and injury compensation awards during the rest of the year.

Few motorists in this country have petrol tank locks, perhaps because the days of rationing and of theft of petrol by siphoning are so far back in time. Perhaps now petrol tank locks will become more common—certainly at the end of 1973 there was a short-lived run on supplies of locks until the then petrol shortage eased.

With petrol at around a pound a gallon, a full tank's minimum value must be around £10 or more depending on the individual tank's capacity—so the theft of petrol can be expensive. But the normal "comprehensive" motor policy does not, in insurers' view, provide cover for this kind of loss. When petrol thefts were not uncommon insurers did not accept such claims. So in these more stringent times they are hardly likely to do so.

If you are insured comprehensively, have a look at your policy and you will see that subject to several detailed exclusions you have cover on your

motor car "and its accessories and spare parts" while thereon or while in your private garage. The phrase "accessories" covers a multitude of items from fog-lamps and fancy horns to car radios and cocktiffs cabinets as well as the more mundane necessary spare wheel and tyre.

But an accessory is something that is not essential but super-added, while a spare part is an extra carried for emergency. Petrol is neither, it is the essential propellant. So used to run insurers' argument and if it was valid previously it surely is valid today.

Of course there is another point for the motorist to consider. If he claims, and if insurers accept his claim, that claim will adversely affect his NCD entitlement at next renewal, perhaps at the next two renewals, depending on his present NCD status and the terms of his particular NCD. So claiming for petrol may not be financially worthwhile.

The temptation at this time is perhaps to get a few gallons of petrol stored in the garage as an emergency need. But there are long-standing detailed regulations controlling the manner in which the individual can obtain and keep petrol, and while these regulations are difficult to enforce, very simply no one should have more than two 2-gallon cans and these should be kept at least 30 feet from one's house, or for that matter from one's neighbour's house.

Anyone who stores petrol so that it causes fire or explosion and so injury or damage whether to his own personal

property or to his neighbour's, is in trouble even if the actual method and place of storage is not unduly.

There is a care of vehicle condition in all motor policies, and depending on precise policy wording the motorist has to take "reasonable care" perhaps even "all reasonable steps" to safeguard his vehicles from loss or damage. If he negligently or unlawfully keeps petrol in his garage and in consequence his car is damaged or destroyed then he must surely expect insurers to reject his claim.

Similarly he can be at risk of losing the cover provided by his home insurance, whether on building or contents, for most home policies have a due care condition. For example, my own requires me to take "due and proper precautions" for the safety of my property, and this I am clearly not doing if I store petrol in my integral garage, just the other side of my head.

So the motorist, the householder, illegally or negligently storing petrol, can be personally at risk from the own damage point of view; but oddly enough he may well have better insurance protection against claims from neighbours for their injury or damage. This is because the policy specifically relates only to the property insured and has no effect on the wide liability cover that is provided both in, around and away from home.

But maybe this is as it should be: it is probably just that one's neighbours should have greater insurance protection against the consequences of one's foolishness than one has one's self.

least half that number get into the engine itself.

This side of Sheepbridge's business would clearly complement Paris Industries Corporation of Texas for which GKN paid \$25m at the beginning of this year. Automotive components already comprised 41 per cent of GKN's turnover in 1978 and 49 per cent of the \$98m trading profit total. The U.S., where a second constant velocity joint plant for front wheel drive cars is planned in North Carolina is an acknowledged growth area. Similarly, West Germany, where GKN boosted its stake in the Cardan transmission subsidiary from under 60 per cent to 81 per cent last September, remains one of the spearheads of GKN's expansionary drive. But Sheepbridge offers a complementary presence in the diesel engine market through the Clews Petersen, Sheepbridge Stokes and Harold Andrews subsidiaries manufacturing cast iron cylinder liners.

If the bid succeeds, GKN will have taken a useful step down its defined growth path. The offer price clearly looks high and it may prove difficult to buck UK trends. But the bidder has clearly decided to leave nothing to chance.

COMPANY PROFILE

SHEEPBRIDGE

RAY MAUGHAN

IT IS five years since Guest, Keen and Nettlefolds Ltd attempted a major UK acquisition and it takes only a passing memory to recall what a row the £11.7m offer for steel stockholder Miles Dence caused. Its takeover efforts have subsequently been concentrated overseas with a fair measure of success but during the week, GKN, one of Europe's principal industrial companies, returned to its own backyard with a £40m bid for Sheepbridge Engineering.

GKN looks to have delivered a coup de grace. The Sheepbridge boardroom counts for a small proportion of the equity and has accepted GKN's two-for-five equity offer within a week of the first official bid announcement. An important psychological advantage has thus passed to GKN which can only be dispensed if the deal provokes a reference to the Monopolies Commission. A reference is by no means beyond the bounds of

possibility but both camps expect that the deal will go through without outside interference.

On the face of it, this proposed addition to GKN's significant stake in the British motor industry flies in the face of the recently accepted version of the group's investment strategy. The group has been slimming down its UK activities and pushing for growth in the U.S. market.

GKN wants to lessen its dependence on the traditional engineering base and further diversify into the steel products side, particularly fastenings, may well be on the cards. But it has identified two areas of potential growth, motor components and automotive parts distribution. Sheepbridge offers scope for expansion in both fields. In an aggressive sense, GKN's bid timing is impeccable. Sheepbridge is set for its first profits setback in five years. In the year to end-March 1978, pre-tax profits climbed from £5.28m to £5.56m but this, chairman Lord Abercromby confessed to shareholders in the last accounts, was some way below management targets. Industrial disputes and tight competition were the chief culprits as were sluggish demand and the appreciated value of sterling.

Six months later, profits had dropped by £300,000 at the interim stage to £2m and very much the same reasons were cited for this shortfall. In about three weeks Sheepbridge will unveil annual profits for the year to March 31 last, accompanied by GKN's formal offer documents, and these may show a pre-tax profit downturn to around £4.5m after a severe winter and major industrial disruption in the home motor industry. At that level, the exit fully taxed p/e is hoisted from an historic level of 15 to 18.3 taking the value of the offer at 114p per share. Given that net assets, including a transfer from deferred taxation reserve, stand at 73.5p per share, the force of GKN's terms looks almost irresistible.

The parts market is expected to grow by around 3 per cent each year and the prominent European automotive manufacturers have already set up sophisticated parts and service networks in this country to support their extensive import penetration. GKN's own research, shows that about 80 per cent of British private car owners undertake some maintenance themselves and, while that obviously includes a substantial element of the traditional Sunday morning wash, at

Mr. Schnitzer's September hopes

HARD TIMES in the diamond world are difficult to imagine after the boom conditions of recent years. Potential bridegrooms, for example, find that the cost of an engagement ring equals that of the coveted new motor-bike while those who married only two years ago are having to pay increased insurance on similar rings which have at least doubled in value over the period.

Fuelled by inflation and hedging against the uncertain course of currencies—notably the U.S. dollar—the boom in diamonds really got under way in 1976 as this week's chart shows. It refers to the 55 per cent of world production of rough diamonds which is marketed by the Central Selling Organisation on behalf of De Beers and other producers.

As far as retail prices of polished diamonds are concerned, values vary enormously depending on the quality of the individual stones. But a top flawless gem stone that was priced at \$10,000 per carat (there are 142 carats in the ounce) in 1975 would cost at least \$30,000 per carat today.

Clearly, a boom of these proportions cannot be expected to continue indefinitely, especially in front of the warning signals flashing for the economy of the U.S. which accounts for about 50 per cent of all purchases. And earlier this year Mr. Harry Oppenheimer, chairman of De Beers, spoke of a return to more normal conditions in the diamond market.

Even so, a little shudder went through the market this week following the report that Mr. Moshe Schnitzer, a noted optimist about the diamond trade and president of the Israel Diamond Exchange, had said that because of falling world demand for diamonds the entire Israeli cutting and polishing industry was to be closed down for a month.

In Antwerp, the other major polishing centre, there appeared to be no undue concern for the market although it was admitted that a few of the smaller firms had temporarily laid off workers. So why was Mr.

Schnitzer not his normal cheerful self? A telephone call to Tel Aviv soon produced the answer.

"I've been misquoted," said a disgruntled president of the Israeli Diamond Exchange with a certain amount of asperity that came through loud and clear after its 2,200-odd mile journey. He pointed out that the industry closure was really only of one week, the rest of the time would be accounted for by the normal three-week vacation period.

Then, too, this is the time of the year when demand for diamonds tends to slacken and the

market for the larger stones is still fairly firm according to De Beers. Whether the hopes of a good September demand for diamonds will be fulfilled remains to be seen, but any modest fall in 1979 sales will be cushioned in revenue terms by the 30 per cent price increase that was made in August last year.

It is also worth bearing in mind that CSO policy is never to reduce prices. Equally unthinkable would be a reduction in the De Beers dividend. What remains to be seen is to what extent this cash-rich group will

Unless major new deposits of oil are discovered, and so far there is little sign of this, the world has no alternative adequate source of energy than nuclear power. This point was stressed by Sir Mark Turner at Wednesday's annual meeting of Rite-Tite-Zinc Corporation.

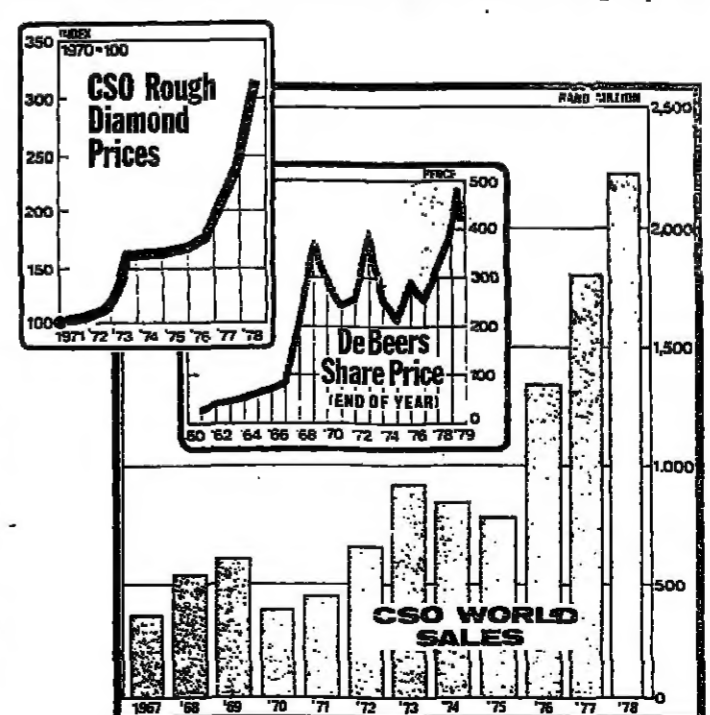
Pointing out that the replacement of existing U.S. nuclear power by oil would require additional daily imports of 2m barrels a day—more than the total 1979 anticipated output from the North Sea, he commented: "Unless the challenge is accepted to provide alternatives for the inevitable decline in the availability of oil the future outlook is indeed grim."

Another reason why the major producers of uranium should continue to develop their reserves has been given by Mr. Jack Messer the Saskatchewan Minister of Mineral Resources. Bluntly, he has said: "If we don't provide it, you're going to get some banana-state Government supplying it that doesn't have a non-proliferation agreement."

Uranium, it seems, is here to stay and if there is to be some softening in demand for the material in the near term, the long-term outlook for the material remains assured. Meanwhile, RTZ continues to head for a very good year's earnings under the impact of the better copper prices which, if they are maintained, will play the major role in the group's prosperity in 1979, a role that was taken by brass last year.

Finally, gold prices have continued to notch up new highs this week, a move which is not unconnected with similar increases in the price of oil. The South African gold mining profits for the third quarter should thus make a good showing when compared with those for the March quarter which were based on an average price of around \$240 per ounce.

Before the next quarterly sharemarket could be given a flip by the half-yearly dividends which are due to be announced in a month's time, the General Mining group payments are to be announced on Wednesday while the mines in the Gold Fields group will be declaring their payments on June 12; among the latter, particularly good finals are expected from the marginal Venterspost and Libanon.



MINING

KENNETH MARSTON

cerned, values vary enormously depending on the quality of the individual stones. But a top flawless gem stone that was priced at \$10,000 per carat (there are 142 carats in the ounce) in 1975 would cost at least \$30,000 per carat today.

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In Antwerp, the other major polishing centre, there appeared to be no undue concern for the market although it was admitted that a few of the smaller firms had temporarily laid off workers. So why was Mr.

feel justified in raising the pay-ment and a cautious line may be taken with the interim in August.

While the market for diamonds has cooled, one or two second thoughts are being had about the near term prospects for uranium. Inevitably, the hand of the anti-nuclear lobby has been strengthened following the nuclear reactor failure at Three Mile Island in Harrisburg, Pennsylvania, earlier this year.

The concern that is being felt is fully justified, but it seems that rather than turning its back on nuclear power the world must concentrate instead on achieving a fool-proof manner of using this vital energy source.

YOUR SAVINGS AND INVESTMENTS

EDITED BY EAMONN FINGLETON

Confidence, as well as money, is needed to revive run-down areas. Abbey National is launching a scheme that combines the two, writes Eamonn Fingleton

Money for the asking from the Abbey



Confidence needed: this street in Ilkeston, Derbyshire, will get it



Thornton: £5m to spend

HOW DO YOU stop an area of run-down Victorian or Edwardian houses becoming the slums of tomorrow? Money alone is not enough. Even where an individual owner can raise a mortgage, he will hesitate to spend on vital improvements if he fears the rest of the area will continue to rot away.

To break the deadlock, the Abbey National building society is launching a scheme which will not only provide the money but also the elusive confidence ingredient needed to rescue down-at-heel areas.

Abbey's idea is to take a whole area in hand, making a public commitment to help every owner improve his place. Everyone considering making improvements knows his neighbours too have access to the money confidence in the

area's future soars.

In addition Abbey will use its bargaining power with local authorities to get them to loosen up their restrictive grants system. It is theoretically possible for householder to get grants of up to £2,750 for major improvements and up to £1,250 for repairs.

Abbey National cites several bureaucratic stumbling blocks to the effective working of the grant system:

- Local authorities often specify that improvement work should meet unrealistically high standards. Inessential and largely irrelevant improvements have to be made if the householder is to get a grant for an essential item. One would-be improver who wanted to add a new bathroom, for instance, was asked to replace doorknobs throughout the house.

- Would-be improvers are put off by the sheer lag of filling in forms and finding out what they are entitled to.
- Many town halls insist that if an improver moves house within five years after the work is done he repay the grants.

Abbey will only go ahead in areas where local authorities are reasonable in their requirements and keep red tape to a minimum. In particular, the society is insisting that the five-year rule, which it considers pointless penny-pinching, is waived.

The number of improvers who later sell within five years will probably turn out to be minimal, but many people will balk at having to commit themselves so far ahead.

The Abbey is starting the scheme in six designated areas in Bury, London, Derbyshire,

Kent and South West Scotland. A total of 1,500 householders are being notified and the Abbey's chief general manager, Clive Thornton, expects that about 60 per cent of them will take up the offer. He expects a typical beneficiary will need to borrow about £3,000 to £4,000. Where a householder already has a mortgage with another society, the Abbey will take it over.

The Abbey has a list of more than 40 other areas to which it may extend the scheme if the initial projects do well. In each case the area is designated as a "housing action area" by the Department of the Environment so grants of up to 75 per cent of the cost of many improvements are available.

The Abbey is allocating up to £5m for the test areas and it hopes that more than 50 per cent of householders will take

For £1 read £1.80

GIFTS

ERIC SHORT

THE ABOLITION of child tax allowances has provided grandparents with an unrivalled opportunity to make tax savings on money they give their grandchildren.

Vanbrugh Life, the Prudential unit-linked subsidiary, is the first life company to take advantage of this opportunity with a special plan being launched shortly.

Every £1 a grandparent can afford to put into Vanbrugh's Children's Investment Plan will fund up to £1.80 of premiums in an endowment policy for the child. Vanbrugh achieves this staggering result by channelling the money through a covenant.

Until this year covenants involved the disadvantage that above a certain level a child's covenant income would reduce or extinguish his or her father's child tax allowance. In most cases, child tax allowance disappeared in April and the State provided for children with higher child benefits.

The result is that a child can now have an income of up to the basic personal tax allowance—£1,075 for this year—without suffering tax or involving tax snags for his or her parents. The major proviso is that the income should not arise from investing money: the child received from parents.

If grandparents want to provide a child with an income of £1,075 a year under a covenant, this should actually cost them just £720.25—the rest comes from the tax credit the child can claim.

The money can be invested in a "greenhouse" plan—a flexible unit-linked endowment policy. And provided the child is aged 12 or more the premiums will normally qualify for the usual insurance premium tax relief—currently 17½ per cent.

This means that the gift of £1,075 will secure a gross premium of £1,308.03—nearly 81 per cent more than the £720 net cost to the grandparents.

If the child is under 12 and the policy is taken out by the end of August this year, premiums will qualify for tax relief once the child reaches 12.

In the case of children under eight, the parent has to take out the policy in trust for him or her.

The child has great flexibility in using cash-ins and after four years there will be no tax to pay provided—as is likely—he or she is not subject to higher rates of tax.

The snag is that if the child is aged eight or over when the policy is effected, it cannot be surrendered until the child reaches age 18. But if the child is under eight the policy can be surrendered (to pay school fees, for instance) with the consent of the trustee.

The transfers are gifts for Capital Transfer Tax purposes. But the amounts fall comfortably within a grandparent's annual exemptions if only two children are involved.

Investors who are covenanting a sum far below the maximum, may well find that they can get a better return by doing it themselves. Then the child's resulting investment income could be tax-free, whereas the life company pays 37½ per cent on investment income. But for larger amounts, going it alone will result in a tax bill on investment income.

Barbara Castle, who introduced child benefits, is turning out to be the insurance industry's best sales person.

My home's worth a fortune; so what?

MOST HOME OWNERS have seen a huge rise in the value of their personal equity investment in their own homes.

What many are not aware of is that in most cases this nest egg can never be realised. The few who are those who move to a less expensive part of the country and those who, on retirement, choose to move to a smaller house.

The fact is that once into the house market one is virtually locked in for ever through a classic application of a "Catch 22" by the building societies.

To realise his inherent capital gain the householder needs to sell his house. But then he needs another one. At this stage the building societies require him to reinvest all of his gain in the new purchase.

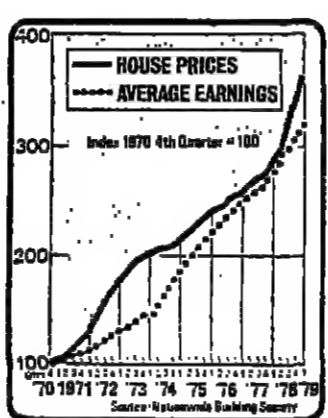
MORTGAGES

CHRISTINE MOIR

They will, of course, allow a deduction from the proceeds to cover the costs of disposal and moving. Some will even generously make a further allowance to cover such items as new carpets, but otherwise, willy nilly, the gain is channelled back into housing.

This trend has become more apparent in recent months because of the shortage of funds in the building societies. Unable to meet overall mortgage demand, they have tightened up on the reinvestment rule.

The other half of the catch is an elaborate paradox: even if you could take your capital gain out you would have to put it back in again—voluntarily—or not move up to a more expensive house.



Some building society chiefs believe that this is inherently unfair to their established customers. They feel that the pre-occupation with helping the first-time buyer has become excessive and some redress is needed.

Another disquieting consequence of the societies' rules is that the reinvestment regulation effectively locks into one particular section of the economy not only the initial investment but all the added value as well. Homeowners have no choice as to whether they keep their capital gain in housing or shift part of it to another part of the economy.

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Schlesinger Special Situations Trust

Name.....
Address.....
Tel..... Birth Date.....

Highest Tax Rate (including Investment Income Surcharge if applicable).....
I have available to invest monthly/annually £.....

The fact is that building societies peg the mortgage they will offer on the second house to a level which forces the purchaser to use his entire net capital gain to top up the price. This principle shows through clearly in the statistics. In the first place the average mortgage the second-time around is within striking distance of the first mortgage. A man who obtained a £10,000 mortgage on his first house would be unlikely, statistically, to have more than a £12,000 mortgage on his second.

In the second place, over the past year second-time around mortgages have dropped from an average of 60 per cent of the total price to 50 per cent. The rise in house prices over the same period—together with the requirement of reinvesting the net proceeds—is the primary cause.

In effect, the second-time buyer is subsidising new entrants to the housing market because he is virtually barred from increasing his own demands on the building societies' resources.

Some building society chiefs believe that this is inherently unfair to their established customers. They feel that the pre-occupation with helping the first-time buyer has become excessive and some redress is needed.

Another disquieting consequence of the societies' rules is that the reinvestment regulation effectively locks into one particular section of the economy not only the initial investment but all the added value as well. Homeowners have no choice as to whether they keep their capital gain in housing or shift part of it to another part of the economy.

At present, with mortgage demand outstripping supply the sharp rein on second-time around mortgages is probably helping restrain the prices of homes. Bigger mortgages plus capital gains from the first sale would equal higher prices in the second home market.

The corollary of this is that if lending to second-time buyers became easier in a time of plenty, building societies would need to waive the reinvestment principle or help to fuel the second time market.

Indeed, if that point were reached, housemovers might need to be actively encouraged to reinvest part of their capital gains wherever, but in the housing market. And that might be a boost for the economy generally.

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UNIT TRUST AND INSURANCE OFFERS

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Highest Tax Rate (including Investment Income Surcharge if applicable).....
I have available to invest monthly/annually £.....

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Less Personal Tax @ 98%	46,567
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CONCLUSION

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YOUR SAVINGS AND INVESTMENTS—2

When small is bountiful

SMALL COMPANY specialists come out top—and bottom—in a survey of investment trust management groups based on figures for the past five years. Many of the companies in the accompanying table do not have the familiar ring of household names like M and G, Save and Prosper and Unicorn in the unit trust industry. This is probably because investment trust investors tend to

INVESTMENT

TIM DICKSON

study the geographical distribution and yield or capital growth projections rather than the men who actually manage their money.

There's nothing wrong with that but the publication last week of the 1979 Investment Trust Year Book provided an opportunity to take a look at past management performance.

The book, admittedly, is aimed at a professional audience but there is a great deal of valuable basic information in the first 50 pages and a wealth of statistics in the second part which any serious private investor will also find interesting and useful.

The figures in the league table relate to the 35 management groups whose trusts are listed in the year book. Performance is based on the total average return to shareholders in each group's trusts over five years to December 1978. Total return is established by reinvesting dividends during the period. The average, however, is not weighted according to the size of individual trusts' portfolios.

BEST PERFORMERS

	Number of trusts	Group total return performance (Jan. 1 1974-100)	Dividend growth % Five years	10 years
ICFC	2	242	150	297
City Financial Administration	2	237	112	131.8
Philip Hill	6	227	131	200
Singer & Friedlander	1	226	84	—
Electra Group	2	225	131	208

WORST PERFORMERS

	Number of trusts	Group total return performance (Jan. 1 1974-100)	Dividend growth % Five years	10 years
Stewart Fund Managers	2	108	54	92
Ivory & Sims	4	114	91	731
Williams & Glyn's Bank	3	115	97	—
Henderson Administration	4	134	88	117
Paul & Williams	1	138	67	76

* One trust only. † Two trusts only. ‡ Three trusts only.

The main point to note is that all the groups in both the winning and losing tables run only a handful of trusts while a couple owe their position entirely to the performance of one runner. Big management groups like Touche, Remnant (with 11 trusts) and Investment Trust Services (with 14, come 10th and 16th respectively.

This is obviously because the chances of doing either exceptionally well or exceptionally badly are greater where a group has only one or two trusts rather than a large number.

Meanwhile, ICFC's London Atlantic trust reflects the success and Stewart Fund Managers' Scottish American

The pensions industry has been accused of forcing the self-employed to take needless risks with their retirement savings. Eric Short reports

Watch for the switchback

SCOTTISH PROVIDENT raised hackles in the pensions world this week by suggesting that its rivals are selling the wrong type of self-employed pension contract.

The point is that most companies these days gear their pension plans to build up a cash sum which is then converted into a pension at the annuity rates ruling when the self-employed person retires. This system, known as "cash fund, tag," was adopted about four years ago. Scottish Provident retains the old system in which pension plan projections are stated in terms of the pension that would eventually be paid had the policyholder not have to take a chance on the state of the annuity market at the time he retires.

Scottish Provident's case, propounded forthrightly by its development manager Willie Hogg this week, is that because annuity rates saw wildly over relatively short periods, the cash funding system asks the policyholder to take an unnecessary risk.

His point was borne out by the big switchback in the annuity market in the last few months. Anyone with a cash-funded pension would have had to accept a pension 10 per cent smaller if he retired on May 1 than if he retired on March 1 this year.

The old-style contracts smooth out the gyrations of the annuity market so that you do not do quite so well when annuity rates

are high, and do not do so badly when annuity rates are low. Under the old-style contract the guaranteed amount of pension at retirement is topped up with bonuses. The investor can estimate his pension level; but the value of the lump sum commutation available at retirement depends on current conditions at the time of retirement.

Until four years ago, all traditional life companies operated under this system. Then, led by such companies as Scottish Widows, National Provident Institution and Scottish Amicable, they changed.

The new method was said to give greater investment freedom and it was simpler to explain. But Willie Hogg suggests a more sinister reason—that other companies could not match Scottish Provident's pension benefits so changed the system to avoid embarrassing direct comparisons.

The figures bear out this contention. A magazine survey based on a policy taken out in 1961 by a man retiring in 1978 at 65 put Scottish Provident way ahead, with a pension rate about 25 per cent better than Scottish Widows, for instance.

Certainly actuaries remarked on how the bonus record of many life companies on self-employed pensions seemed indifferent compared to their record on endowment policies.

In the face of this indifferent track record, Willie Hogg suggests that the life companies had little alternative but to change their marketing strategy.

And since the changeover coincided with a period of high annuity rates, the projections showed up very well. Scottish Provident's projections, not surprisingly, were down the list.

The best course for the self-employed and their advisers is to insist on getting a quotation that shows the amount of pension paid at varying annuity rates. Willie Hogg gave the example of National Provident's plan for a 50-year-old man investing £500 a year for 15 years. The projected cash value at 65 is £18,694. This buys a pension of £2,804 if annuity rates are 15 per cent, £2,349 if annuity rates are 14 per cent, and £2,152 if annuity rates are 13 per cent.



Hogg: we're safer

New direction for film-makers

CINEMA

NIGEL ANDREWS

IS THERE a cure for the British film industry? The latest movie production in the country to be going through rough times is the National Film Finance Corporation. This Government-subsidised body was founded 30 years ago by Sir Harold Wilson, then head of the Department of Trade, with the

egregious aim of investing capital in British film production. In the past months, the NFFC has been usurping headlines as never before, partly thanks to a recent and intriguing change in its leadership.

The new managing director

at the NFFC is Mamoun Hassan, who took over from Sir John Terry at its retirement at the beginning of the year. Hassan is the nearest thing to a whizz-kid that this country's film Establishment has yet produced. (Indeed, to be strictly technical, it did not produce him, since Hassan is Saudi Arabian and has had an independent and international career as a filmmaker.) Hassan has replied to early salvos aimed at his policies by firing back at his detractors with more spirit than he has ever known from the NFFC before, in its generation-long history.

What has been happening in those corridors of power off Soho Square? Where, in recent years, have been all the British masterpieces that the NFFC is subsidising? And why, if we are to believe that the Corporation is helping to create a solvent and active British film industry, are the country's studios currently overrun with American productions-in-progress?

What has been happening at the NFFC is a moot question, rendered even more moot at present by the advent of a new Conservative Government. Cinema comes notoriously low on the list of Conservative priorities in the arts, and so it is no surprise if the NFFC is waiting in agonised suspense to know if the new, Tory-model Department of Trade will be as generous as its Labour counterpart, which was about to hand over a multi-million-pound cheque to the NFFC before the election intervened.

But production-wise, the NFFC can boast at least two recent feathers in its cap. Two of this year's British movies at Cannes were NFFC-funded. One is the new Kenneth Loach film *Blackjack*, which will be shown in the Directors' Fortnight. The other is Britain's Main Competition entry, James Ivory's *The Europeans*, based on the novel by Henry James. So why, in recent months, the headlines and the furore?

One reason is that when Mamoun Hassan took over from Sir John Terry as the NFFC's head, it was a change of direction for the Corporation in several senses. Hassan had previously launched an eloquent broadside at the NFFC's policies in December, 1977, writing under the aegis of the Association of Independent Producers and accusing the NFFC of being a "Tease rather than a Support." Hassan complained that only a minuscule quantity of the money the body was loaning out was being spent on production, and he pinpointed the curious fact that this film-funding organisation boasted not a single full-time filmmaker or producer on its staff.

It was not long before Hassan was being sounded out via a-vis his own readiness to take on the directorship, and on Sir John Terry's retirement he did so. Plunked down in the eye of the storm, he immediately set about stirring up more thunder. The current and continuing saga of the "Eady Money Affair," for example, was originated by Hassan in a letter to the movie trade magazine *Screen International*. Hassan claimed that Eady Money—which is the percentage of

which has an American director (James Ivory), an American star (Lee Remick), and a non-British writer and producer. (One is Polish, the other Indian). That the film's crew was more than 50 per cent British seems, in this light, almost a technicality.

Hassan defends his position over *The Europeans* and over Eady Money—and over the NFFC in general—with a ready and imperturbable eloquence. As a former head of the British Film Institute Production Board (back in the halcyon days when it was turning out good film), as a recent teacher of Direction at the National Film School, and as a filmmaker himself, he is certainly well-qualified on every front for his present post.

"I'm trying to get a broader base for the NFFC's activities, and to create a broader outlook in the British film industry generally. I've been berated for giving NFFC money to *The Europeans*, because it doesn't have a British director, writer and so on. But I think that's too narrow a definition of 'British.' What we want to start taking into account is the target audience. Who is the film made for, what sort of culture, what sort of audience response? I think *The Europeans* is a more genuinely 'British' film than many films that do boast British artists in the key posts of producer, director, screenwriter. And, of course, it did have a 73 per cent British crew.

"As for Eady, I think it is ridiculous that a major source of revenue in British production should be virtually unavailable to the people for whom it is meant. That is, the producers. We have to iron out the inconsistencies, and one way to do that would be to give the NFFC authority to administer Eady Money."

While these none-too-insignificant matters rage around the parlours of Wardour Street and Soho Square, another larger spectre looms before the NFFC in the shape of the blueprint British Film Authority. That putative, infant, whose birth was proposed by Sir Harold Wilson's working party report on the British Film Industry some years ago, is still slouching towards Wardour Street to be born. The time it is taking to do so is thanks mainly to the British fondness for interminable bureaucratic procrastinations.



Hassan: broadside

British identity, and thereby to create a precedent for a more flexible distribution of funds and a more flexible approach to the question of nationality. The cry has gone up—"Is *The Europeans* a British film?" The Cannes selection committee certainly thinks so, having chosen it as the official British entry. But eyebrows may be raised at the notion of a "British" film

Money Mountain

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Annuity rates are now becoming attractive again as life companies put up their rates in the wake of the recent rise in gilt yields, writes Eric Short. For a 65-year-old male investor, for instance, the top company's annuity insurance will pay a rate of £1,075 a year for an outlay of £10,000. The rate is £1,527 a year if you are a woman.

But you should not rush out and buy an annuity unless you need the income quickly. It is by no means certain that interest rates have stopped rising. Every thing hinges on the Budget on Tuesday week. It may well pay to wait and watch the market closely.

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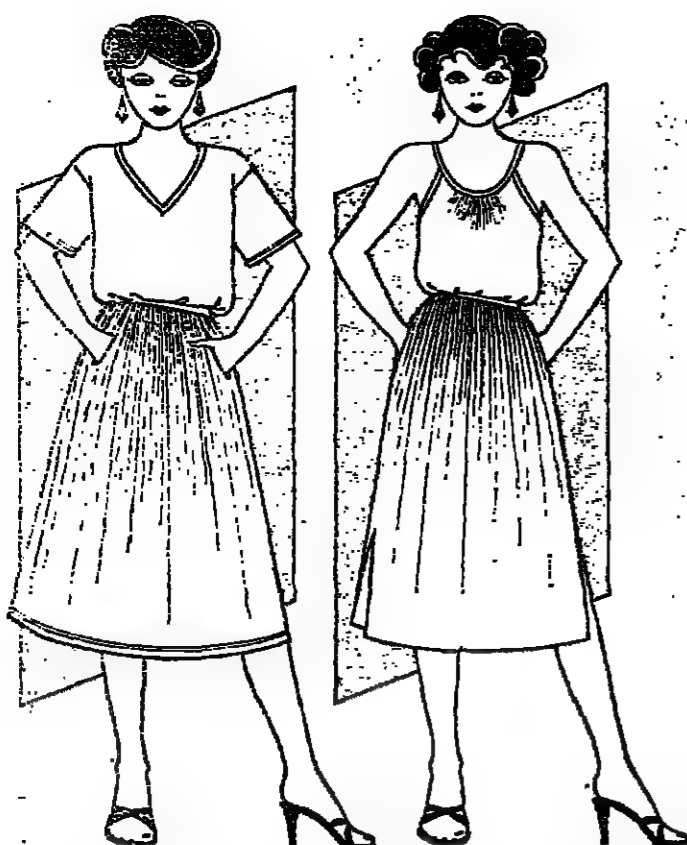
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LEISURE



Two simple cotton jersey outfits. On the left is a very useful short-sleeved top and long T-shirt; each can, of course, be worn separately. The T-shirt is £2.95, the matching skirt, £2.95. In black, amber, blue, wine, cotton-modal, in sizes small and medium. It is available from all main branches

of Wallis shops. Right, is the sort of dress to wear on holiday or on the rare very hot days when you're hoping to combine walking about with getting a tan. Made from cotton jersey in a variety of bright colours by Jeffrey Rogers. It is £9.99 from branches of Miss Selfridge.

FASHION

LUCIA VAN DER POST

IF YOU remember T-shirts as those handy little cotton jersey tops that were useful for dressing the kids, then you may have trouble recognising this summer's crop of T-shirts. T-shirts have grown up. They come in almost any shape or size, from simple, sporty and artless, to slinky, alt-up-the-side and sophisticated.

If you are currently as depressed about the weather scene as most of us are but feel you must make some kind of concession to summer dressing, then a T-shirt dress is the thing to buy. It won't set you back the kind of sum that will make you worry if you can only wear it a few times. T-shirts, no matter how dressy or sophisticated, provide the sort of classic look that goes on forever so if you look after them you should still be able to wear them for many summers to come.

T-shirt dresses can be worn straight and sloppy but the newest way to wear them is to buy a huge big waist-cinching belt. Fenwick's of Bond Street have a marvellous selection in bright colours made by Mulberry—they're about £8 and can make an outfit.

Howie Diffusion makes some of the slinkiest of the T-shirt dresses around. They come in bright stripes of all colours (including lovely bright fuchsia pink and a crisp earthy blue). They start at £10.95, and are to be found in good dress shops up and down the country, in particular Harvey Nichols, Peter Robinson, Top Shop and Snot.

Harvey Nichols of Knightsbridge also has an exclusive range of cotton jersey T-shirt dresses by the Italian firm of Via Val in many bright colours and in many different styles. They start at around the £16.50 mark.

If it's a simple T-shirt you want and not a T-shirt dress, then this year's T-shirt should be really large. Many of them are so large as almost to qualify as mini-dresses, and the young wear them tied asymmetrically over one hip.

One of the brightest collections of T-shirt dresses, though, is from the French company, Peppermint. It has stuck almost entirely to cotton jersey but has used such stunning colour combinations (in particular a lovely fuchsia as the background colour with bright contrasting stripes) that one could pick a whole summer wardrobe from the range.

Almost all their fabrics are striped and you can buy plain coloured T-shirts or skirts to match up with the stripes. Most of the waists are simply elasticated and because the fabric

is relatively crease-resistant the collection would seem to be particularly comfortable to wear when travelling.

Foot-notes

● Spotted tights are currently very fashionable and you can pay anything up to £3 for these hard-to-track-down favourites. Readers who are looking for spotty tights might like to know that British Home Stores have the cheapest ones I've yet seen—99p a pair in black, barley (a cross between brown and grey) and dove-grey. Find them in selected British Home Stores.

● A useful service for those whose feet vary in size is provided by Clarks Shoe shops. Any man, woman or child can choose a style from a reasonable selection, and have his or her feet measured at a local Clarks shop. The shoes will then be made up specially—in two sizes but as a pair—so that the leather and the dye matches. The manufacture takes from between four and six weeks and Clarks charge an extra 25 per cent on the cost of the original pair.

● Before you throw out that old, but favourite, pair of shoes says Christine Burton, think again. Could they, perhaps, be

repaired? Timpsons, the shoe shop chain, offers a scheme for shoe repairs, called the "fair deal plan." They hope to produce repairs of a high standard and thus achieve greater custom satisfaction.

Staff have been specially trained to advise on the feasibility of repairs and will be visited at random by supervisors who check on the work they have carried out, and also make sure that repairs are ready to

be collected when they have been promised. If they are not, 10 per cent is deducted from the bill.

There are many more Timpsons repair shops in the North and in Scotland than in the rest of the country so readers there will be better able to benefit from this service. The four in London are at Brixton, Woolwich, East Ham and Maltham.

Of course, this service does

not replace your friendly neighbourhood cobbler, but the training facilities and back-up of a large organisation in this case do seem to offer hope for an efficient service.

If for any reason, a repair is not recommended (it would not be sensible to put on new soles, for instance, if the uppers were cracked or split), but the customer persists and gets the repair done elsewhere, Timpsons will refund the cost.



Drawings by Jan Wheeler

A group of brightly striped cotton jersey from the firm of Peppermint. Their colour combinations are particularly attractive and difficult to describe—there's a marvellous fuchsia striped with yellow and pink, there's also a particularly striking yellow striped with green and white. Peppermint produces a large variety of separates, dresses and jumpsuits, most of which come in most of the available colours, though it is difficult to specify a precise colour combination for every garment.

Because there are so many different colour and style combinations in the Peppermint range it is difficult to be precise about particular stockists. If you like them go along and browse; these are the shops which have a selection: Sutchi, 40 Wellington Street, London WC2; Miss Selfridge, Duke Street,

London W1; Benetton, 6 South Molton Street, London W1; and Jigsaw of 53 Heath Street, London NW3, or of 11 George Street, Richmond, 114 Putney High Street and 27 Store Street, Bath.

Left is a simple dress, very easy to wear, with an elasticated waist. It comes in colour combinations of grey, fuchsia, blue, green, yellow and red and is available in sizes 1 and 2 (small and medium). About £34.50.

Centre, a jumpsuit in green/fuchsia/grey or blue/red/yellow. About £39 in sizes 1 and 2. Right, a skirt and matching T-shirt; this is useful because both pieces can be worn separately or together. The skirt is £12.50, the top, £11.90. In grey only with stripes, sizes 1 and 2. From Benetton.

Why the English love their plants

GARDENING

ARTHUR HELLER

WHO BUT THE English would devote a large part of one of their major metropolitan museums for three whole months to an exhibition concerned exclusively with British gardening? The display opened last week at the Victoria and Albert Museum in South Kensington and will remain open only until August 26. It fully justifies the faith and enterprise to those who conceived it.

The principal organisers were Dr. Roy Strong and Mr. John Harris and the exhibition is sponsored by ICI and the Salisbury Trust. It is called simply "The Garden" and it sets out to tell the story of British gardening from as early a date as 1200. It is possible to trace that history in a book with the same title has been published by Mitchell Beazley to coincide with the exhibition and its subtitle "A Celebration of One Thousand Years of British Gardening." Clearly the millennial figure appealed to the producers because of its roundness and seeming completeness but it could just as easily have been 500 or 3,000 years for no firm date can be set for the start of gardening in these islands.

That the Romans made gardens when they were here is certain and a specially fine example of their work has been

uncovered and painstakingly restored at Fishbourne Palace near Chichester. What happened after the Romans left nobody knows with any certainty but it seems probable that some elements of horticulture were kept alive even in those very difficult centuries. Certainly as John Harris points out in the book of the exhibition, by the time of King Alfred there was keen interest in herbs of medicinal importance but he concludes that a thousand years ago English gardeners had to make do with fewer than one hundred different plants. Today, that number extends to many tens of thousands (if one includes all the man made plants of the past two centuries as well as the natural species).

Except for short periods plants have always dominated the mainstream of English gardening and it is this, perhaps more than anything else, that distinguishes it from the garden making of other countries. Italian and French gardens were for centuries architectural and even the

Chinese, with their special reverence for nature, considered that no garden was complete without a pavilion and that by placing a pavilion in the country its surroundings were immediately converted into a garden.

The English approached the matter in an entirely different way making for themselves flowery meads and turf seats for pleasure and growing herbs and flowers in sensible beds for easy cultivation centuries before they gave much thought to the philosophical and artistic principles of garden design.

It is easy to be misled by the practices of those in authority, whose activities tend to be recorded, into believing that they represent the general preferences of the period. Because kings, princes and the aristocracy adopted the architectural gardening methods of the Italians and the French in the 17th century and then switched their allegiance to landscaped parks in the 18th century it is customary for historians to refer to these as the normal styles of these periods. Normal maybe for those with great wealth and no shortage of labour but throughout those centuries there were lesser men who grew plants because they loved them and who changed their methods very slowly and chiefly to accommodate the ever

increasing number of plants that were becoming available.

It is one of the merits of the Victoria and Albert exhibition that by means of contemporary documents, books, pictures and plans it identifies many of these lesser garden makers and shows convincingly that however bare of herbaceous plants the formal parterres and the later green and wooded landscapes may have been there were always those who found a place for them and took great delight in growing them to perfection.

This kind of plant orientated garden making has never had a satisfactory name though J. C. Loudon's invention "gardenscape" has been much used by historians. The garden loving public remains totally unaware of it and this is no bad thing for it is a clumsy term and has been given so many incompatible definitions that it confuses rather than assists the student of gardening.

What is clear is that for the best part of two centuries plants have dominated all popular garden design. Architects might continue to plan gardens purely as designs but gardeners made gardens for plants and it was these that dictated their form and character. Rhododendrons, with their need for dappled shade, begot the woodland garden; alpenes, with their high require-

ment for light and air, gave rise to improved rock gardens; sun loving shrubs were grown in island beds which were later extended to include herbaceous plants formerly grown mainly in long borders. Bedding out became fashionable as a means of displaying conspicuously the long season plants from warm climates that could be raised in vast quantities in the new and improved glasshouses which began to be made from the 1820s onwards.

Today we are struggling to find ways of growing plants in the fast diminishing plots which escalating land prices are forcing on us and are turning for inspiration to Spanish patios with their emphasis on container grown plants. We are also discovering new uses for rock plants grown in raised beds, troughs and blocks of porous tufa stone and are learning to use more artistically dwarf shrubs, both coniferous and broad leaved, as well as miniature roses and trees that hold their branches erect instead of spreading them out more widely than we can tolerate. It may all seem very odd and reprehensible to professional designers who still think architecturally but British plant lovers have always had a firm belief in their own ability to create the kind of gardens that suit them and their chosen plants.

Walker Cup sham

GOLF

BEN WRIGHT

THE UNITED STATES Golf Association, about as embarrassed by their continual winning of the Walker Cup as we are by losing it, are planning to make it more difficult for themselves.

Discussions were being held long before their latest win, by 15 matches to 81 at Muirfield this week, to restrict severely the type of golfer eligible for an American Walker Cup team. These involved the voluntary act of not picking players who were presently using college scholarships as a means of learning about golf, rather than learning about, say, archaeology.

The USGA wanted to select only those golfers who spent a considerable part of each week—at least four to five days—doing something other than

playing golf, with the admirable intention of producing a realistic amateur side. They have long felt that the U.S. colleges scholarship system, in which a man studies (if he feels like it) in the morning, and plays golf the rest of the time, to be a contravention of the spirit of the rules.

So much have certain sectors of the USGA been against the college system that they at one time considered the possibility of creating a third category of golfer. There would be amateurs, professionals and non-professionals: the latter being the college players not eligible for regular amateur competitions until they had finished college and spent about two years not playing professional golf.

The USGA would have selected a side more truly "amateur" for this year's Cup match had not the row erupted between the Association and the colleges over the National Collegiate All-American event. The

dates for the NCAA and the Walker Cup clashed, and America's three best amateurs, Gary Hallberg, Bob Clampett and John Cook, all elected to play for their colleges rather than their country.

That in itself says something about their status, but it also meant that the USGA could not go ahead and pick as many as possible of the Walker Cup side from the "pure" amateurs. They felt they needed some of the younger, better college players to ensure a strong side, and of course they won again.

There is no guarantee that if in the future American sides do consist entirely of amateurs in the strictest sense, Great Britain and Ireland will win any more frequently. There is a strong suggestion that the professional amateurs from this side of the Atlantic should not be excluded, and if it were to happen we would be hit harder than the Americans. Those on their way to a professional career are often our only outstanding players.

However, these attempts to purify the Walker Cup are laudable. There is an argument, which can be kept for another day, which says the whole concept of amateur golf is out-

moded and that players should be graded according to their ability only. But unless and until that comes to pass, perhaps the amateur game would benefit from the kind of close scrutiny the USGA is giving it.

For a day and a half, the British effort raised real hopes among their supporters at Muirfield. Not only were we just a point behind, with the final singles to go, we possessed the best player on either side in Peter McEvoy. We also had a larger number of good strikers of the ball. In the last analysis, however, it is the best competitors who win, and we lost the last singles series by 7-1.

It was the kind of afternoon issued half a century ago, like your army number, as something rather distasteful.

McEvoy was beaten by a man whose grip would cause a teaching professional to close his eyes and wince. It is the classic hooker's grip, counteracted by a swing seemingly designed to slice the ball miles right. These compensatory factors on two occasions combined to hit the ball 40 yards past a McEvoy drive, and the Warwickshire player is one of the longest of our amateurs.

The owner of that swing was

Scott Hoch, and he combined it, did Jay Sigel, with the kind of putting stroke that after a while forbids you to watch. You simply know that whatever the distance, the ball will finish either very close—or in the hole.

Hoch and Sigel were both a long way ahead of their compatriots, and it will be interesting to see how they and McEvoy fare at Hillside in the Amateur Championship next week. All three are seeded, and McEvoy will need to revenge himself on Hoch if he is to meet Sigel in the final.

It is McEvoy's ambition to win three Amateur Championships in succession. When it became obvious a year or so ago that he was going to dominate British amateur golf, he decided that although the majority of Michael Bonallack's records were out of sight, the best of them all—the winning of three Amateurs successively—would be the one to try hardest for.

He has achieved two thirds of that ambition and now only the entire British and American Walker Cup teams, plus inspired "floaters" plus Hillside plus form and fortune, stand between him and fulfilment. Can it be that much to ask?

PAPERBACKS

ANTHONY CURTIS

DRUMBEAT is a new paperback series which has just been started by Longman in Africa and Caribbean literature. I went to the convivial launching party and took away from it some of the 16 titles with which the series has begun. Two were by an author already well known in England, and in fact settled here since 1950. Samuel Selvon, the Trinidad-born novelist, his *The Lonely Londoners* (80p) has acquired a classic status since it appeared in 1956 as the definitive novel about London West Indians; with it here comes *A Brighter Sun* (21.25), a novel set in Trinidad during world war two, and *Ways of Sunlight* (95p) short stories which span the two cities Selvon depicts so wittily. Another well-established 1950s

name is that of George Lamming, the Barbados novelist. His celebrated book about a black adolescent's development, *In the Castle of My Skin* (£1.50) is now available as a *Drumbeat*. The names of the other authors are refreshingly unfamiliar, at least to me: among them, Festus Iyayi, a former's son from Nigeria whose *Violence* paints a stark contrast between rich and poor in a modern African state; Miriam Tlali, born in Johannesburg, whose *Muriel at the End of the World* studies the feelings of a black woman in white society; Bill Marshall, a former TV producer who is now creative director of Studio African in Accra, Ghana, whose novel *Bukom* (80p) humorously describes how a retired black worker decides to build a white man's toilet in his house; Lesyon Kayira from Malawi whose novel *Jingala* (85p) tells how a black father comes into conflict with the priest at the mission school over the way his son should be brought up.

The series also includes books of drama, poetry and oral tradition. D. T. Niane's *Sundiata: An Epic of Old Mali* (85p) about the exploits of a legendary African giant comes into the last category. Jared Angura's *Cascades* (£1.25p) is the work of a Konyak poet much concerned with human individuality. And there are two playwrights included: Efua T. Sutherland, a pioneer of the theatre in Ghana, whose *Edwina* (80p) shows a man battling his wife's life against his own prestige, and Bode Sowande, a Nigerian playwright and founder of a theatre group in Ibadan. His *Farewell to Babylon* (£1.25p) is the drama of two one-time student comrades whose allegiance to opposed political factions brings them into bitter conflict. We are promised that new titles will appear in this stimulating and attractively presented series every few months.

For several years now C. P. Snow and other eminent critics have been saying that P. D.

James is a brilliant writer of carefully plotted, well-characterised detective stories. Suddenly everyone seems to have got the message. People are talking now about the mantle of Mrs. Christie having fallen on her shoulders. This has already provoked letters of protest in the Press from the Nagai Marsh fan club. I do not want to get involved beyond saying that if the mantle is to fall on Mrs. James it is going to need altering. At any rate to meet the growing demand for her books. Sphere have recently issued half a dozen of them in paperback at 95p each. *Silhouette for a Nightingale*, *Unnatural Causes*, *Cover Her Face*, *The Black Tower*, *Death of an Expert Witness* and *An Unsuitable Job for a Woman*. Taken together they reveal an impressive range and a considerably more elegant way of writing than Mrs. Christie's. Any one of these books would be ideal to pop into an overnight case. Personally, I like Mrs. James least when she is being gothic

as in much of *The Black Tower* and best when she is on her home ground as in *An Unsuitable Job for a Woman* where she takes on Raymond Chandler as her opponent. A cool English girl called Cordelia transposing the action to Cambridge.

As a schoolboy before the war I can remember being entranced by a present of one of Dennis Wheatley and J. G. Links' "crime dossiers" containing blood-stained bits of carpet and locks of human hair as clues to the mystery. I wrote a fan-letter to Wheatley and received a Christmas card from him in reply. Now one of these which then cost 3/6d, *Murder Off Miami* has been re-issued at £7.95 by Hutchinson and book-packagers Webb and Bower. I had forgotten the solution if I ever knew it and before breaking the seal I tried the puzzle on my wife and sons. We all in fact guessed more or less correctly but we had a lot of fun working it out and talking it over.

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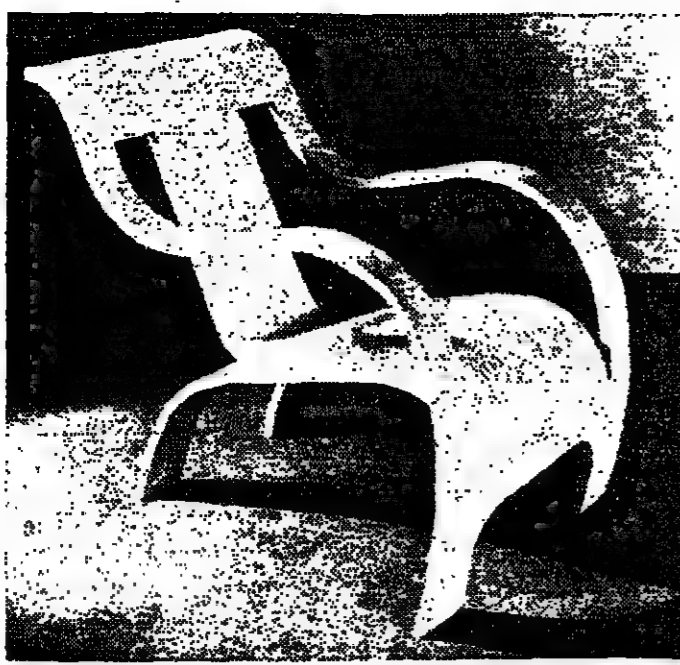
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HOW TO SPEND IT

A century of British design



Laminated birch chair designed by Gerald Summers for The Makers of Simple Furniture exhibition, about 1934

BECAUSE London is where I live and work and because it has all the charm and interest of a vital capital city it tends to come in for a great deal of attention on this page. Today it is nice to report on an important exhibition out of London at the Mappin Art Gallery, Sheffield, which should be seen by everybody who is interested in British design.

Fiona McCarthy, who used to write about design for the Guardian and has recently published a book on British Design has assembled the exhibition (which she calls *Homespun to Highspeed*). Her husband David Mellor has designed it with Tatjana Marinsek and it can be viewed from now until July 8.

The main purpose of the exhibition is simply to illuminate, visually, the development of British design from 1880 to 1980 and to do this Fiona McCarthy has selected well over 500 pieces, starting with the Aesthetic Movement and the work of two designers of the



Silver-plated soup tureen with ebony handles designed by Christopher Dresser for Muhl and Heath, about 1880

1880s, E. W. Godwin and Christopher Dresser (his silver-plated soup tureen, photographed above, looks amazingly up-to-date even today).

There's a strong section on the Arts and Crafts movement as well as examples from all the other design movements—the trend towards mass-production, the growing awareness of social pressures and the demands of the masses for cheaper goods, the move towards 'the machine aesthetic' can all be traced through the work of the designers of the time.

There's a nostalgic look at Utility furniture and fabrics and that great post-war monument to optimism, the Festival of Britain era. All the great post-war names are there—HK, Race and Hillie, the very first Design Centre awards. From there the move towards modernism, designers in a wider range of industrial matters began to gather apace and we see them designing machine tools and traffic signals, the Moulton bicycle and the Mini car. Most fascinating of all is how the exhibition shows British

design coming full-circle, with modern designers rejecting the machine-made and mass-produced and returning once again to the small, individual craft workshop and things lovingly made by hand.

Even those who know a great deal about British design and have read endlessly of the works of Voysey, Baillie Scott, C. R. Mackintosh and all the other early designers, will probably never again be able to see such a large selection of their works under one roof.

Though at its simplest level the exhibition can be seen as a history of British design, it is the questions that it poses that give it its real interest. Is there a national British style? Where do we go from here? How do we combine the interests of the many with maintenance of fine workmanship and high standards? Just what is it that constitutes good design? Visit the exhibition and decide for yourself. It is open from Monday to Saturday from 10.00 to 20.00 and on Sunday from 14.00 to 17.00; entrance is free.

Happy anniversary

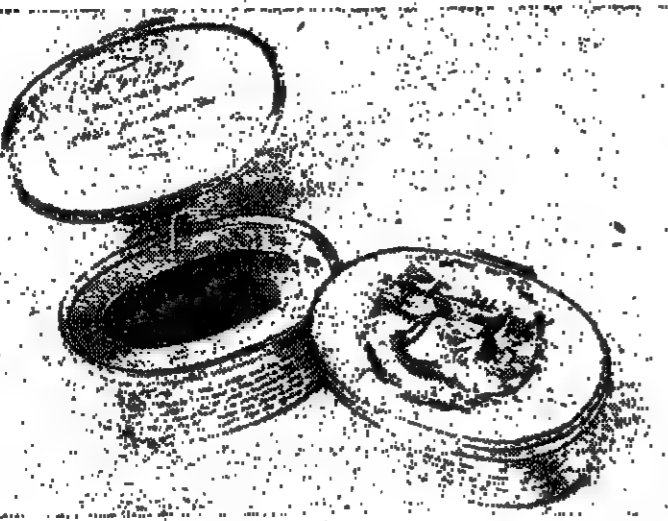
I'VE never been a great one for collecting memorabilia or limited editions—would that it had been different! People who were in on the early days of the collecting mania could, if they had been astute, already have made a small fortune.

Halcyon Days, of 14 Brook Street, produces some of the most charming commemorative items and Mrs. Susan Benjamin, who is the genius behind the shop, tells me that the first commemorative box she produced in 1970 sold for £22.50 and four more were issued at 9 monthly intervals—an American who had

bought the first one has recently paid £300 each for the other four. Similarly, one of her 1973 Easter Eggs which sold for £9.75 at the time has recently changed hands for £150.

Rosenthal report an even more staggering appreciation on their Christmas plates—the first one, produced in 1971, sold for £29 originally and now fetches £900 on the collectors' market.

If you want to take a chance on today's commemorative objects appreciating in like manner here are some of the most charming around at the moment.



The 200th anniversary of the Derby Stakes will be celebrated on June 6th and it seems to have encouraged a spate of memorabilia sure to please racing fans. One of the most exquisite of the commemorative items is the Bilton enamel box, top right, from Halcyon Days which features drawings by Moira Hoddell. The box is hand-coloured and the lid shows King

Edward VII as Prince of Wales, leading in his Derby winner, Persimmon, in 1896. Around the sides are vignettes of Sam Auzan on 'Dioned', the winner of the first race in 1780; the Winning Post in 1818; Tattenham Corner in 1870 and Lester Piggott on St. Paddy in 1960. Inside the base is a portrait of the twelfth Earl of Derby, after whom the race was named.

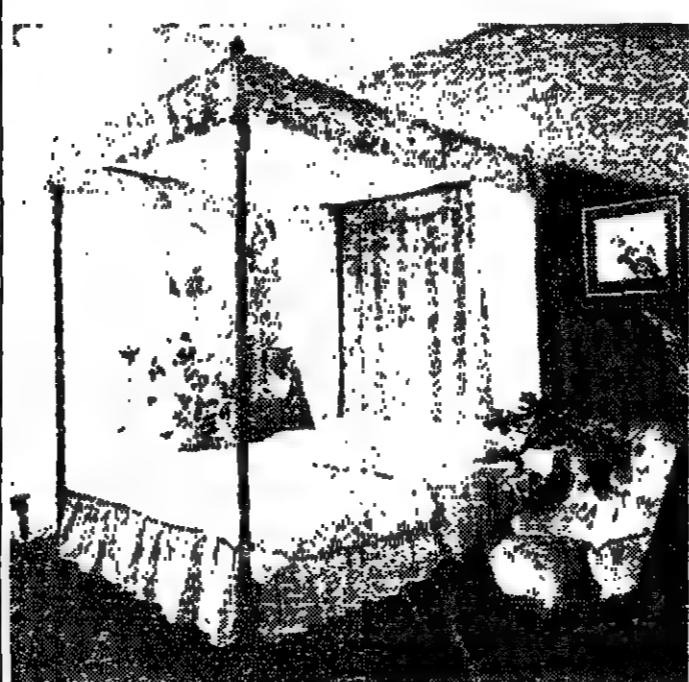


Each box is 2½ ins long and only 200 of these boxes will be made. Each will be numbered and is sold in its own velvet-lined case. They are £97.50 each, from Halcyon Days.

If you're a Derby fan but can't run to nearly £100, then Spode have produced a very fine commemorative tankard which sells for £17.95. Made from fine bone china, it is about 4 ins tall, holds about a pint of liquid and features an engraving from a painting by J. F. Herring, a contemporary artist who specialised in racing studies.

There is 22 carat gold on the handle and it can be bought now from good china shops like Harrods, General Trading Company in Sloane Street and Royal Worcester Spode Rooms.

Finally, the last of the memorabilia, is an enchanting musical box, which commemorates the centenary of the original Shakespeare Memorial Theatre which opened in Stratford-upon-Avon in 1879. The box is also hand-painted Bilton enamel from Halcyon Days, and will be produced in a limited edition of 250. The background is studded in bright turquoise and the panels feature pink flowers. The theme of the music and the decoration, is the song 'It was a Lover and his Lass' from Act V, Scene 3 of 'As You Like It'. The box is an oval measuring about 2½ ins and costs £130.



Four-poster package

IF YOU have a plain old divan that you find boring or have always longed for a four-poster bed but cannot face throwing out a perfectly good bed in order to make room for it, there is an intriguing new package on the market that enables you to transform any existing bed into a four-poster. It is marketed by the Old English Furniture Company and the kit will transform any sized bed from 2 ft 6 in long to 5 ft double (up to 6 ft 6 in long). The eventual height is 7 ft 3 in.

The four-poster parts arrive in a form that is easy to slot together and the assembled frame completely surrounds the old bed. The frame is made from seasoned hardwood and in its simplest form arrives with a natural finish, rather like white-wood. You can then either varnish, paint, stain or French polish the wood. Alternatively, you can order it stained to resemble medium oak or dark mahogany for an extra £3.

If you'd like to see a converted bed there is one on show at the Lextertien reproduction showroom at Teddington, Middlesex, or Glasgow. If you don't live near either of these showrooms there is a full-colour leaflet which will be sent to any reader who sends in a stamped addressed envelope. Write to: The Old English Furniture Company, 16-20, The Causeway, Teddington, Middlesex.

The complete kit is £58.75 plus £3 delivery charge to anywhere in Britain. For the complete, really traditional, four-poster bed you'll need to make the obligatory curtains—a set of instructions for making them come with the kit.

by Lucia van der Post

A family feast

BY JULIE HAMILTON

"PARTIES ARE so boring if parents are there. We can't do our own thing. Other people's parties are not so bad." Thus my teenage son and daughter declined to have an 18th birthday party. They asked, instead, for a special dinner at home, bringing one friend each and "a couple of your friends, mum, so you don't get bored."

In the end we settled for five adults and five teenagers, which

added up to a difficult menu problem. My teenagers are fussy, and I did not know their friends' tastes. The meal had to be, in their terms, exceptional, with a touch of luxury, but not too exotic for young and inexperienced palates, yet appealing to the adults.

I chose a prawn and avocado salad followed by a mixed meat fondue with five cold sauces which could be made the day

before, and kept in the fridge. And of course there had to be cakes.

Happily, the evening was a success. It was enhanced by our house fondue, minus anyone withdrawing the fondue fork from the boiling fat and leaving the meat behind to rise from the table and kiss all the fellow guests.

Quantities given in our recipe are enough for ten people.

Prawn and avocado salad

This salad, and two of the sauces (rosy dill and curried mayonnaise) use a lot of mayonnaise so it is worth making at least 1½ pints of thick mayonnaise in advance.

2½ fresh unpeeled prawns, 3 large avocados, 2 small cucumbers (or 1 large), 10 lettuce leaves, 1 pint (approx) freshly made mayonnaise, juice of 1 lemon, 5 oz double cream.

Peel all the prawns except 10. Peel and cube the cucumbers and avocados. Using individual dishes, arrange the cucumber and the peeled prawns on a lettuce leaf, cover with avocado sprinkled with lemon juice to avoid discolouration. Top with the mayonnaise mixed with the cream. Decorate with the unpeeled prawn.

Mixed meat fondue

You will need two fondue sets; the amount of fat will depend on their size. I use 50 per cent corn oil, 50 per cent butter. With the fondue I served plenty of garlic bread and a green salad.

1½ lb boned leg of lamb, 1½ lb boned lean loin of pork or fillet (tenderloin as some butchers call it).

Remove excess fat from the meat and cut it into small cubes. Arrange equal portions of each meat on 10 plates. Cover each plate with a paper napkin on which you have written the name of each meat in the position it lies on the plate. The meat thus identified, let dipping begin.

THE FIVE SAUCES

All the sauces may be served in ramekins

Rosy dill sauce

3 heaped tablespoons mayonnaise, 3 dessertspoons tomato purée, 1 heaped teaspoon dill weed, juice of half a lemon. Combine the ingredients by slowly adding the tomato purée to the mayonnaise and finishing with the lemon juice and dill. Season to taste.

Curried

mayonnaise sauce

4 heaped tablespoons mayonnaise, 1 teaspoon curry powder, 2 teaspoons vinegar, 1 teaspoon salt, 1 teaspoon ground coriander. Combine the curry powder, salt and coriander with the vinegar and slowly add it to the mayonnaise.

Garlic sauce

1 slice white bread approximately 1 inch thick, 4 large cloves garlic, 1 pint olive oil, juice of 1 large lemon, 1 teaspoon whole grain mustard, 1 teaspoon salt, 3 fresh basil leaves (optional).

Trim the crusts off the bread and soak the bread in water. Using a pestle and mortar, crush the garlic with the salt and basil leaves until liquid. Squeeze out the bread and add it to the garlic, add the mustard and mix together well. Add the oil in the same way as you would for mayonnaise, a drop at a time, beating vigorously. Finish off with lemon and adjust seasoning.

Tomato sauce

2½ tomatoes (I use tinned), 6 cloves garlic, 1 tablespoon dried basil, 1 tablespoon salt, 1 teaspoon sugar, 1 tablespoon olive oil. Heat the oil with the whole peeled garlic. Put the tomatoes through a fine food mill or sieve. Add them to the oil. Add the basil, salt and sugar. Bring to the boil and cook slowly without a lid until reduced by nearly two-thirds (it should take about 1½ hours). By then the garlic should be so soft you can crush it easily with a wooden spoon against the side of the pan. Stir from time to time while cooking. Allow to cool.

Julie's barbecue

sauce

2 cloves garlic, 1 teaspoon salt, 1 teaspoon made mustard, 1 tablespoon soy sauce, 1 teaspoon hot paprika powder, 1 pint olive oil, 2 tablespoons wine vinegar, 3 tablespoons tomato ketchup, 1 teaspoon soft brown sugar, dash of Worcestershire sauce. Crush garlic with the salt and hot paprika, using a pestle and mortar. Add the mustard, sugar and soy sauce. With an electric beater or wooden spoon, slowly add the oil, then the tomato ketchup, vinegar and Worcestershire sauce. Beat well together.

Laura's cheesecake

1 lb cottage cheese, 8 oz fresh cream cheese, 4 oz butter, 6 oz digestive biscuits, 4 oz caster sugar, 1 oz powdered gelatine, 1 lemon, 4 eggs, 1 pint double cream, 1 teaspoon parmesan, 2 tablespoons tequila (or dry sherry), 1 lb raspberries (frozen at this time of year) for decoration.

Melt the butter in a pan over a low heat; crush the digestive biscuits to very fine crumbs and mix well with the melted butter. Spread the mixture evenly on the base of a loose-bottomed 8-inch cake tin, press well down and chill. Sprinkle the gelatine over three tablespoons of warm water and put aside, in a warm spot, to dissolve. Put the cottage cheese through a fine food mill or sieve and place in a large bowl. Add the cream cheese and mix well. Finely grate the

rind of the lemon and add it to the cheese.

Separate the eggs. Whisk the egg yolks with half the sugar and a pinch of salt until very light and creamy. If the gelatine has not fully dissolved, gently heat it, stirring until it is transparent, then add it to the juice of the lemon, and slowly dribble it into the egg mixture while still whisking. Blend together the egg mixture and the cheese mixture, adding the parmesan. Whisk the egg whites until firm, add the remaining sugar and continue whisking until stiff, carefully fold into egg and cheese mixture. Lightly whip the cream, add the tequila to it and fold into the egg and cheese mixture. Gently tip this mixture into the cake tin, spreading it evenly over the biscuit base, and chill for several hours or overnight. Remove from cake tin and decorate with raspberries.



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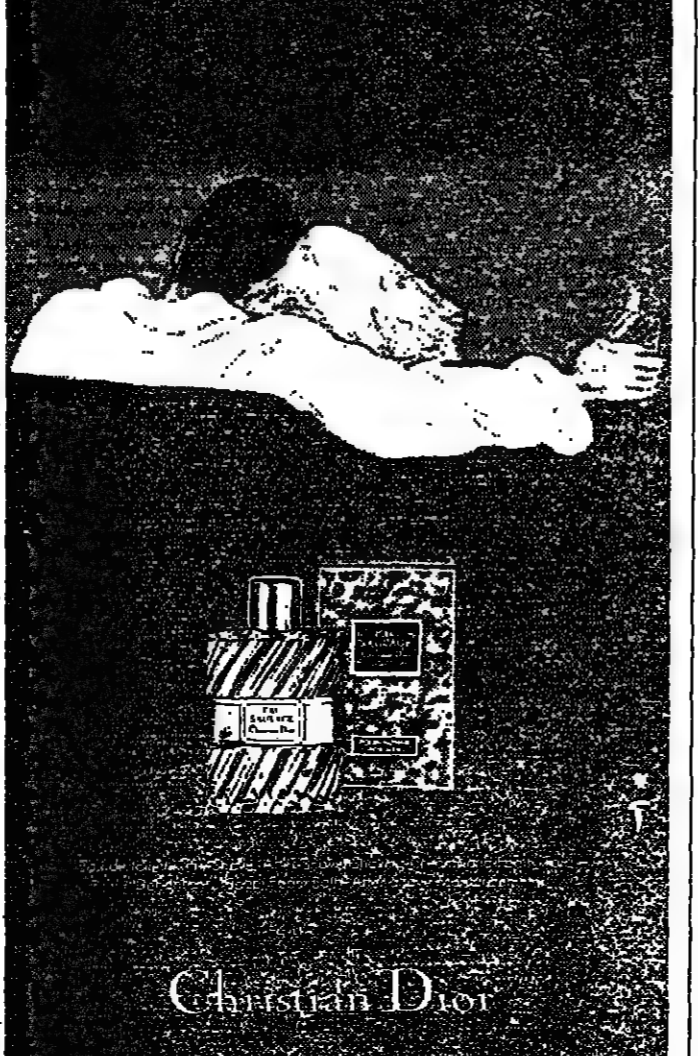
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WHITE (5 men)

White mates in three moves
 at latest, against any defence
 by J. Halumbirek, 1st prize
 Deutsche Schachblätter 1963).

Solutions Page 12

ARTS 1

Rebel voices

Radio is a great place for a second innings. Works once all the rage come up again for air. A new generation can try to fathom what all the fuss was about, while those listeners who can still remember find the kaleidoscope of their memories being given a pleasing shake. I doubt, for instance, if anyone in the theatre at the moment would wish to mount a professional revival of *Richard of Bordeaux* by Gordon Daviot, but it was a drama that made a great stir when it was done in 1932 with the young Gielgud (who spoke warmly of it and its importance to his career in his recent broadcasts) and it was a valid idea for Saturday Night Theatre (Radio 4 UK, May 26) to give us the opportunity to hear it.

It proved, incidentally, to be a lucky break not only for Sir John, but also for its author. The resonant nom de plume of Daviot concealed the identity of a Scottish physical training teacher from Inverness, Elizabeth Macintosh, who was then able to turn to writing as a full-time occupation, when she

Anne of Bohemia, heavily accented by Maureen O'Brien. The chief hawk opposed to him is Thomas of Woodstock, Duke of Gloucester, whose strictures on the monarch for his extravagance and irresponsibility were grimly uttered by Maurice Dismay.

Daviot concentrated upon an earlier period in Richard's reign than Shakespeare, and included the death of Anne; the discussion of appeasement, slightly ahead of its time, is overtaken by domestic politics with the king trying to assert an authority his guided youth belies, and then surrendering in the face of the mass betrayals of his barons. Finally, he finds consolation in his relations with his loyal secretary, Maudeyln (David Timson). There it all comes to a full stop. The canny Daviot did not wish to compete in death-cell scenes with Shakespeare.

Another famous work of the 1930s, Antonia White's novel about a convent boarding-school, *Frost in May*, based on her own experience from the age of eight onwards, cropped up again in dramatised form in Afternoon Theatre (Radio 4 UK, May 31) complemented by a portrait of the author, *Dust in the Sugar House* (Radio 3, May 28), by Michelle Wandor. This was an absorbing picture of someone now 80 whose rebellions against her faith have ended by confirming her in it. We have had many memoirs of a Catholic girlhood since *Frost in May* was published but none quite so vivid. The girl's fears seemed just as poignant in the radio play as in the novel, and White's *Once a Catholic* which has been running in the West End for the last couple of years, covering some of the same ground, appears crude by comparison.

The terrible shindig at the end of the book when the child's sensational half-written novel is discovered by the disciplinarian Mother Radcliffe (Rosalee Crutchley) and she has to leave Lippington in disgrace, did even my heathen blood run cold. Sarah Sutton was the young girl whose will had to be broken and re-set; Kay Patrick the producer.

Derek Cooper was both on Lundy and St. George's, off Loke, in *Offshore Britons* (Radio 4 UK, May 26) giving us the favour of life on these remote places and interviewing the mainlanders. Their problems of mortgages and of the economic viability of their life-style seem to be horribly like those of the rest of us. This is a good series.

RADIO

ANTHONY CURTIS

wasn't nursing her ailing parents, and produce two more period plays as well as a series of mystery novels under her later pseudonym of Josephine Tey.

This radio version, first heard a few years ago, directed by Martin Jenkins with Martin Jarrin as smooth, serene in the part of Richard II, passed a quantity agreeably hour and a half. It was clear from the start, in a conversation between two pages playing dice outside the royal council chamber, that we were listening to a play in which people wearing the clothes of the past speak in the language of the present about issues common to both. Part of the effect lies in the dressing up, as generations of schoolgirls who have become the custodians of this particular text will tell you. Radio loses that and with so many people arguing in concert it was difficult at times to identify who was attacking whom.

However the main lines of the argument were firmly drawn, between the hawks and the doves, with the young king as the leading dove trying to forge an alliance with France, soothed and encouraged by his first wife



Dawn Sparrs

People Show No. 79

The People Show completes a packed fortnight's run at the ICA Theatre tonight with their 79th production since the group's inception in 1968. They remain a unique force on the fringe circuit and a perennial challenge to a reviewer's descriptive vocabulary.

This time, at the back of a great stable-like wooden set, a naked girl (Dawn Sparrs) hangs from the roof, her feet bound. The lights fade up and down as we hear the sound of water lapping in the distance and then a cacophony of martial, symphonic music and roaring cars and aeroplanes. A cluster of broken bottles, each one lit from inside, descends from the sky and, accompanied by Chalkovsky, the nude girl, now clothed and led from bondage by a peasant in overalls, stands by a covered corpse. Down stage, we notice an earthy grave sprouting red roses.

As usual, it is fruitless to speculate on the inner narrative of all this, but, as the evening progresses, certain images coalesce to suggest that someone has died, perhaps been murdered, that the victim was

an artist, that his body was found in a family invading their cellar in order to recharge the electricity meter and that the role of the artist has been occupied by the supplier of his materials.

The opening, hypnotically previous minutes are interrupted by a blackout and the arrival in the audience of an old man hearing planks of wood thud to his back with a table and chair. This is the extraordinary Emil Wolk who proceeds to involve the audience in his grave purpose of delivering the

THEATRE

MICHAEL COVENEY

wood and completing the set. One glorious comic sequence finds him standing where the last plank should go and stepping back off the platform to dangle precariously by one arm screaming for help—which help, of course, is cheerfully supplied by a customer.

The Wolk character then discovers more life on his set than he bargained for. What has happened for some time like the

noise of a shower turns out to be the sizzle of a frying pan. The theatre is invaded by the smell of fried bread and sausages. A corrugated iron wall is knocked over to reveal a domestic tableau: the young girl frying. Mark Long reading the sports pages and wearing a paper bag on his head, an astonished Wolk in the background. As if from another planet, Kate Bush thumps thumps thumps through the environment and another girl covered in silver strips stands up and rotates: a human glitter ball. Long, mouth full and bag on his head, follows the music and jogs pathetically round the girl. Wolk follows. Blackout. For some reason this is very funny. The scene is repeated and it is even funnier.

The show is pure theatre in the sense that it has no life beyond the conditions of the medium in which it is played. That is what I like about the People Show: they actually do explore, through music, lights, silence and an inspired physical semaphoric, the limits of theatrical expression. They are refreshingly because, although often precious, they are never pretensions. And they have a marvelous sense of rhythm in performance, a sureness and control unmatched by any other British group doing similar work.

Any performance of Handel's *Orlando* that puts one in touch with its greatness must be a performance on the right lines. The Orlando brought to the Theatre Royal on Monday by the Royal Northern College of Music was that, and more: it shed fresh light on one of the supreme masterpieces of the 18th century, and in doing so lent lustre to both college and festival.

Understandably, not everything was right about either the singing or the orchestral playing under Richard Vardigan (a recent RNCM student); in a work written straight to the theatre, the virtuosity of Handel's Second Academy, one could hardly expect it to be. (How much longer is Covent Garden or Glyndebourne to resist the claims of Handel opera?) What one admired about Bryan Trowell's production, with its declared intention of "using" modern resources to suggest the stage conventions of the 18th century, was its skill in remaining faithful to the work on two quite separate levels. Producer and cast both set and breached the historical context—giving an impressive demonstration of contemporary opera seria manners, at the same time showing a modern awareness of the dark developments of drama and disturbing depths of psychological exploration—in a way that mirrored the extraordinary mix of musical and dramatic, of the opera.

The set and costumes (designed by Michael Holt) had been shaped along period lines; stage pictures were altered by the activity of cloth screens and props, and by a piquant evocation of spectacular machinery for the magical transformations of the later scenes. The mixture was sometimes less than perfectly judged—modern, chemically produced colours and hard modern lighting once again proved somewhat difficult to tame in the service of the Baroque theatre. But the visual scheme as a whole was admirably serious and imaginative; and within it, Mr. Trowell had trained his actors to move with a studied grace that gave way, in Orlando's scenes of madness and ensuing vengeful violence, to more graphic, realistic behaviour. Orlando, in the trim young person of Robin Martin, shed his clothes and his reason, in stages, the result could have been embarrassing or simply ill-judged, had not the production been inspired by so strong a sense of the music.

Mr. Martin's counterpoint, a pure, full instrument with more

than a touch of the young Russell Oberlin about it, was one of the reliable pleasures of the evening. He (and the entire cast) had been persuaded to over-decorate reprises, and to shoot up stylishly to Donizettian high notes in cadenzas at fault, incidentally, that married the recent Birmingham *Sosarme*; but there was no

OPERA

MAX LOPPERT

strain in the rapid *rotato*, and total clarity even up to it. If he develops the way this striking portrayal suggests he should, the problem of finding a princely figure and a properly expressive alto voice for the great Senesio roles can be faced with equanimity.

Another highly promising singer, the soprano Anne Dawson, played Angelica with a queenly dignity of carriage, graceful in her ruffled gown and topfeather, that was unusual in one so young; and sang her music with a similar combination of dignity, grace, and sweetness. The others were less evenly accomplished, though Dorinda (Amanda England) gained in poise and charm. The standard of orchestral playing was as high as one expects from this source; a certain lumpiness in slow movements, and a retarding unwillingness to leave behind the flashes of colour, bright-

liant or poignant, that light up the score, suggested that Mr. Vardigan had not yet fully mastered both the long span and the fine detail of the score.

Nevertheless, Handel sounded wonderful in the Theatre Royal. So, more surprisingly, did Peter Maxwell Davies' *Martyrdom of St. Magnus* the next night, a work that one feared to find dulled and diminished behind a conventional procession arch revealed the tightness of its stagecraft. The *Fires of London* and the cast of the 1977 premiere are taking the festival of Europe this summer; a new element is the conducting of Richard Dufallo. While the moments of instrumental poetry sounded less haunting than under the composer's own direction, the drama was driven forward with greater punch—Mr. Dufallo and the *Fires* brought off the potted "history of the dance" accompanying the hunt for Magnus with an exhilarating panache that temporarily stayed questions about the success of the score.

Two years later, and now less under the spell of the work's ravishing timbres and lyrical vocal lines, I begin, nervously, to wonder whether it all adds up. The musical design remains as clear in cut as ever—and perhaps one should ask for no more. If one does, however, the "message" of the work begins to seem cloudy, and incompletely communicated.



Anne Dawson

TV Radio

Indicates programme in black and white.

BBC 1

9.00 am Camberwick Green. 9.15 *Left-Lympies* (cartoon). 9.35 *Champion The Wonder Horse*. 10.00 *Play Sport*. 10.25 "Here Come The Co-Eds", starring Bud Abbott and Lou Costello. 11.05 *700*. 12.45 pm *Cartoon Time*. 12.57 *Weather*. 1.00 *Grandstand*: *Speedway* (1.05). *The Embassy International*: *Racing From Kempton* (1.35, 2.05, 2.35). *Boxing* (1.55, 2.20). *Mike Barrett's program*: *Debut Preview* (2.50). *Cycling* (3.05, 3.30, 4.40). *The Debenhams International*: *Great Britain v Switzerland*: *Rally Sprint* (3.25, 4.15). *The BP Rally Sprint*: 4.50 *Final Score*. 5.05 *Tom and Jerry*. 5.15 *News*. 5.25 *Sport/Regional News*. 5.30 *The Hardy Boys* and *Nancy Drew Mysteries*. *Saturday Night* (live). *Trumpet*, starring Troy Donahue. 8.15 *The Val Doonican Music Show*. 9.00 *Sword of Justice*. 9.25 *News*. 10.45 *Saturday Night At The Mill*. 11.35 *Red Stewart in concert* at Belle Vue, Manchester: Part 1 (Part 2 next week). *All Regions as BBC1* except at the following times—

Scotland—12.25 am *News and Weather for Scotland*. *Telfant*. 12.35 am *News and Weather for Wales*.

Northern Ireland—5.25-5.30 pm *Sport/News for Northern Ireland*. 12.25 am *News and Weather for Northern Ireland*.

BBC 2

7.40 am-1.30 pm *Open University*. 2.20 pm *Saturday Cinema*: *"Elephant Walk"*, starring Elizabeth Taylor. 4.00 pm *Cartoon Time*. 4.30 *Graveyard*. 5.00 *Network*. 5.30 *Assignment*. 6.00 *The Rugby League Year*. 6.50 *News and Sport*. 7.05 *On the Record*. 7.25 *Horizon*. 8.25 *Word For Word*. 9.00 *The Hollywood Greats* (Gary Cooper). 9.50 *Jazz from the Montreux Festival*, with Stan Getz, Sonny Rollins and the John McLaughlin Band. 10.30 *We Were The Champions*. 11.30 *News at 11*. 11.25 *Midnight Movie*: "Mr. Deeds Goes To Town", starring Gary Cooper.

LONDON

8.35 am *Sesame Street*. 9.35 *Fantastic Four*. 10.00 *Superman*. 10.30 *The Mervyn LaRue*. 12.30 pm *World Of Sport*: 12.35 *International Sports Special* (Part 1), highlights of the Indianapolis 500. *World Lumberjack Championships*, and *Australian Pools Cheeky*: 1.15 *World Of Sport*: 1.25 *World Of Sport*: 1.35 *World Of Sport*: 1.45 *World Of Sport*: 1.55 *World Of Sport*: 2.05 *World Of Sport*: 2.15 *World Of Sport*: 2.25 *World Of Sport*: 2.35 *World Of Sport*: 2.45 *World Of Sport*: 2.55 *World Of Sport*: 3.05 *World Of Sport*: 3.15 *World Of Sport*: 3.25 *World Of Sport*: 3.35 *World Of Sport*: 3.45 *World Of Sport*: 3.55 *World Of Sport*: 4.05 *World Of Sport*: 4.15 *World Of Sport*: 4.25 *World Of Sport*: 4.35 *World Of Sport*: 4.45 *World Of Sport*: 4.55 *World Of Sport*: 5.05 *World Of Sport*: 5.15 *World Of Sport*: 5.25 *World Of Sport*: 5.35 *World Of Sport*: 5.45 *World Of Sport*: 5.55 *World Of Sport*: 6.05 *World Of Sport*: 6.15 *World Of Sport*: 6.25 *World Of 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Sale, Monday, June 18

The modern game of chess developed from the ancient Hindu game of chaturanga, being played in India around 2500 B.C. Slowly it developed, spreading westwards in the 6th Century to Persia and by the 10th Century to England. Examples of these very early chess-pieces are now treasured museum possessions, the collector of chess-sets is unlikely to find much pre-dating the 18th Century.

The skill of the Oriental carvers knew no bounds during the late 18th and 19th Centuries. Chess-pieces appeared in countless different disguises and European merchants attached to the East India Company were quick to commission some fine sets from talented Indian craftsmen. The French ivory turners produced designs inspired by past events in their history, particularly the carvings in the Dieppe area, while in England the ivory carving tradition centred on the Midlands. More often than not these sets were retained in London, and during the early part of the 19th Century simple patterns provided players with practical playing sets. The famous English competitor, Howard Staunton, then gave his name to what is now perhaps the best known design amongst players and collectors alike, examples of which will be found amongst the 70 or so sets to be offered by Christie's on Monday, June 18th.

For further information on this sale or sales of this kind, please contact Mary Fielden or Andrew Harragrees at the address below.

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BRUCKNER: Symphony No. 7

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Margaret Marshall Jessye Norman

Philharmonia Chorus

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Saturday June 2 1979

The priorities
are clear

NEXT WEEK the British people—or probably a small minority of them—will elect their representatives in the European Parliament, an event which has at least driven the parties to think harder than usual about Europe. Five days later, Sir Geoffrey Howe will introduce his first Budget; and about a fortnight after that, Mr. Thatcher will join the economic summit in Tokyo. These international preoccupations, made immensely more urgent by the oil crisis, should mean that the new Government's policies are being formed in a much more outward-looking way than usual.

Indeed, the international priorities are not only pressing, but they are rather clearer than the short-term priorities for the home economy. Recent information about the home economy has been patchy, and what there is has been distorted by winter disruption and the subsequent rebound, and by a retail boom which reflects partly wage inflation, and partly anticipation of higher prices and indirect taxes. Demand management in the usual sense is hard to operate in such circumstances, when nobody can be confident about the current growth rate or how long it will last. The wide range of possible interpretations of current signs of growth made clear by the publication this week of the National Institute forecast, which in past years was thought to be an echo of the Treasury view. This time the unofficial forecast appears to be much more optimistic than the official view.

Fog of uncertainty

This fog of uncertainty around the usual "Budget judgement" is likely to prove a thin disguise for a more fundamental problem. It leaves the Government free to concentrate on longer-term strategic issues. It is in this light that the present reports of the expenditure-cutting exercise in the Cabinet should be viewed. If this were simply a desperate attempt to create room for some tax cuts early, in fulfilment of election promises, it would be a nine-day wonder; but there is a good deal to suggest that what we are seeing is a determined effort to make cash limits stick despite immediate wage settlements.

This is a central element in the whole chance of direction which Mrs. Thatcher is trying to achieve—the proof of Milton Friedman's proposition that there is no such thing as a free lunch. It is a healthy start.

However, the Treasury forecast of the borrowing requirement is given to Parliament by Mr. Denis Healey, in his shadow role, not to mention later

estimates, suggests that expenditure cuts will not of themselves be enough to finance tax cuts, or even obviate the need for higher revenue. In looking for further cuts, and choosing the base for revenue, the Chancellor must be thinking in a partly international setting.

There is a clear need, for the sake of the whole world economy, to economise in energy and encourage substitution away from oil. For the longer term, Sir Geoffrey has already expressed his shock at the estimated British contribution to the EEC—which not only adds to the borrowing requirement, but is easily the most unpopular element in it.

Price mechanism

It seems clear, then, that in looking for tax increases which will help to pay for direct tax reductions and contain the borrowing requirement, Sir Geoffrey will look particularly closely at oil, and perhaps energy in general. All indirect tax increases raise the cost of living—and may, as the National Institute points out, help to inflate wage demands. Taxes on energy, which are an obviously appropriate response to the present crisis, and use the price mechanism to reveal what would be attractive at present whatever the financial context; to a Chancellor seeking to shift the burden of direct taxes, they should be irresistible—and a useful example to one or two other countries.

The oil crisis also has one other implication. It is helping to make sterling stronger at the moment, and prospectively adds largely to the balance of payments implications of the North Sea. The danger of a rise in sterling which would put an intolerable squeeze on industrial margins—a possibility which is clearly worrying the equity market—is becoming more pressing, and an early and significant relaxation of exchange controls is another clear priority.

Should stimulate

The Tokyo summit will be concerned not only with oil, but with the possibility that the present crisis will lead to a worldwide recession; and in this context, a Budget which is in conventional terms deflationary may well come in for criticism. The Government should have a clear answer to any critics, at home or abroad: a relief from financial crowding out, and from the burden of unproductive expenditure, should stimulate the economy rather than depress it.

Vigorous pursuit of the long-term priorities should be good news for the short term, too.

ENERGY SUPPLIES

SEVENTY-SEVEN per cent of the American public, according to the latest Gallup Poll, do not believe the energy crisis is real. They are convinced that the long lines at the petrol pumps in California and some eastern cities and the one-third increase in the price of a gallon is a concoction of the oil companies wanting higher profits, or of their own federal government, or even both working together. Occasionally, but much less so than in 1973-74, they blame the Arabs.

It is true that Americans are buying more smaller, often foreign, cars which use less fuel and, as was demonstrated by the Memorial Day holiday last weekend, even driving less without discomfort. But what is more true is that they are craving for an explanation of what is going on. Lacking it, they are suspending belief that the problem is real and looking for scapegoats to point at in the meanwhile.

It is against this background, for the existence of which he must be held at least partly responsible, that President Carter is trying to forge an energy policy which not only meets America's needs but also spares the rest of the world from the excess of U.S. consumption. A major element of that policy began to take effect only yesterday when the first stage of his phased decontrol of domestic oil prices was

WHY THE U.S. MATTERS

1. America is by far the world's largest energy and oil consumer. In 1978, it accounted for 38 per cent of total free world oil consumption (excluding OPEC).
2. Americans are the world's greediest oil consumers. Demand last year for oil products per head of population was more than double that in Britain, 85 per cent higher than in West Germany and Japan, and 38 per cent above Sweden.
3. The U.S. is the world's biggest oil importer. Even though well over half the oil it consumes is domestically produced, it absorbed the equivalent of 28 per cent of total OPEC oil exports last year.
4. America's imports have been growing rapidly. In the four years 1974-78, U.S. oil imports expanded by 33 per cent at a time when imports into some major countries (Japan, Germany, France, Italy) were declining. This partly reflects the strength of the American economy; partly the slowdown in the rate at which new American oil production has been coming on stream.

instituted. But for every piece of legislation that he has managed to put in place, matching elements are missing—indeed it is at least conceivable that even the decontrol plan could yet be reversed by the Congress.

Last year's Energy Act typically gave Mr. Carter half a loaf: he finally obtained the gradual removal of restrictions on natural gas prices. But he was denied the well-head tax on crude oil. Congress enacted modest proposals to encourage the use of coal, but did not

really deter Detroit from continuing to produce cars with heavy petrol consumption. Mr. Carter never claimed the Act was more than a start; but a start was the most he could claim.

This year, his chances of a similar mix look better in the wake of the Irania shortfall and OPEC's aggressive pricing policies, which have accentuated the need for greater domestic output (though how much extra would be generated by decontrol is a matter of dispute even

inside the Administration). Assuming he can head off liberal opposition to decontrol, the President should obtain a windfall profits tax on the oil companies. From a political standpoint, the imposition of such a levy looks inevitable. The question is, who gets the proceeds—the Government, to dispose of as it wishes, or the companies, to plough back into exploration? The extremely powerful oil industry lobby will be pitted in Congress against influential regional, environmental and consumer causes and it is Congress, not the President, who will determine the final outcome.

The Administration does have—and has used—a variety of executive powers to deal with specific contingencies: these include the "gasoline tilt"—regulations to promote greater petrol production; subsidies for the importing of diesel and heating oil (the exercise of which this week infuriated the EEC) to build up depleted stocks in the summer; giving State Governors limited extra powers to control petrol purchasing habits; relaxing anti-pollution rules; controlling public building thermostats and enforcing the 55 miles per hour speed limit. There are many others, though each is little more than a palliative. The President was also empowered by law to come up with a standby petrol rationing plan,

but the House of Representatives, at its most parochial and confused, denied him even this residual authority.

And yet it may be this very multiplicity of tools—some in the President's hands, some in the lap of Congress, some relying on the price mechanism, some on tax—which contribute to the public bewilderment. This is a country which has always possessed the capacity to energise itself in pursuit of a perceived goal, but nobody has yet satisfactorily identified the target.

Moreover, the U.S. is currently in something of a mean-spirited mood. Jody Powell, the President's Press Secretary, described it the other day as an attitude of "me first, last and always: give me mine and to hell with the rest of the country." This is overstated, perhaps, but hardly a day goes by without some special interest group "demanding" this or that of the President or the Congress.

Mr. Carter has had to say so often that he has got himself into deep political hot water. His perceived neglect of traditional democratic constituencies has made all the more alluring the alternative candidacy of Senator Edward Kennedy, whose own constituency as a liberal and a north-easterner, is much narrower than the President's. Mr. Kennedy, at least, has the virtue of being

consistent to his beliefs, which is more than can be said for many of his colleagues who, lacking decisive guidance from either the Congressional hierarchy or from the White House, have found it simpler to take the side of partial powerful interests and painless to deny less influential supplicants (witness the cuts in the Foreign Aid Bill, for example).

But a President, America likes to think, is supposed sometimes to rise above the battle. Prisoner of circumstance though he may be (even to the extent of having to rely on the oil industry for energy data), Mr. Carter has, by common agreement, not helped his own and the nation's cause by neglecting fully to use the educative powers of the presidency. He, too, has seemed prone to the national vice of scapegoat-hunting, though this week, at his White House energy "talk-in" and in discussions with Congress, the approach was conciliatory.

Diagnosis has never been a problem for Mr. Carter: conveying it to the public has proved much more difficult. He said on Tuesday he thought the public was beginning to get "aroused" about energy; according to Gallup only 23 per cent are sufficiently aroused to believe the problem is real, and the U.S. Congress is nothing if not close to the public.

Price decontrol:
why the industry
is keeping
its head down

BY DAVID LASCELLES IN NEW YORK

There may be some big fields offshore, but costs there are huge.

According to the American Petroleum Institute, the industry's trade association, U.S. proven oil reserves fell by 1.7bn barrels last year to 27.8bn despite the second-highest drilling activity on record. This is enough for 81 years at current production rates.

Even so, oil prospects exist. The American Association of Petroleum Geologists estimates that reserves could be raised to as much as 100bn barrels, enough for 30-40 years at present production rates. But to achieve these figures, says the AAPG, reserve additions must be increased by 50 per cent a year; for every two barrels of oil being found today, the industry must find three.

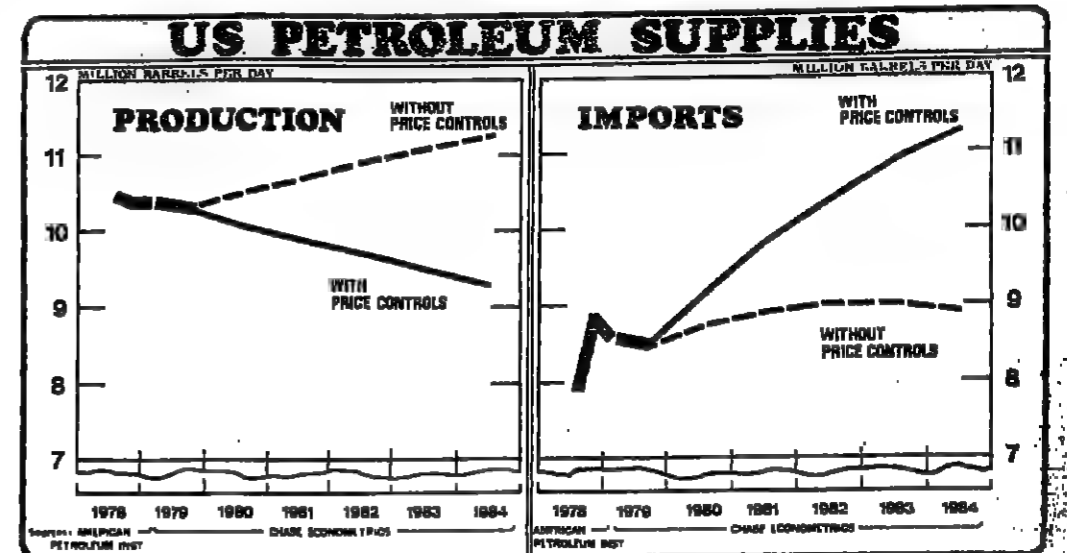
The AAPG also points out that billions of barrels are potentially available if the oil

companies had the funds to invest in more sophisticated recovery techniques. Oil is not lacking, the oilmen claim, only the money to produce it.

Commented one leading petroleum geologist: "I'd say that Alaska was the juiciest piece of real estate in the world today."

The oil industry has been careful, however, not to raise extravagant hopes. The best the U.S. can hope for, its spokesmen warn, is a small improvement in production. Some companies even rule that out, claiming that the country should expect no more than a slower worsening of the situation.

Last year, U.S. oil companies spent just over \$20bn on exploration and production. According to the AAPG, they would have to spend half as much again to check the decrease in capacity, and \$40bn, to get production up to its maximum. These huge sums,



the AAPG calculates, will be available only if oil price decontrol goes through without a windfall profits tax.

A calculation of the broader impact of decontrol has been made by Chase Econometrics, the forecasting subsidiary of the Chase Manhattan Bank. Its study estimates that decontrol would raise U.S. oil production by 2m b/d by 1984 (or just under one fifth) to 11.3m b/d provided all the extra revenue from decontrol is ploughed straight back into exploration and production. By that year, the U.S. would be importing 2.4m barrels a day fewer than without decontrol, at an annual saving of \$25.2bn.

The study also notes that reduced U.S. demand would soften the world market and lead to slower OPEC price increases. So decontrol would not only help the U.S. by bringing demand closer in line with supply; it would aid the inter-

national economy too.

The oil industry itself has been more cautious about the likely benefits of decontrol, not because it doubts that higher prices will bring more oil, but because it fears that a suspicious public will hold it to whatever forecast it makes.

An executive from one of the oil majors commented: "It is not as if a 50 per cent increase in oil prices will lead to a given increase in oil production; we still have to go out and find the stuff, and that's always a gamble."

So rather than promise more oil, the oil companies have confined themselves to pledging that they will invest every cent they can in exploration and production—as they claim always to have done.

This arguably prudent approach has not, however, satisfied the public—even though there is already evidence that last year's decontrol of natural

gas prices brought a surge in gas exploration. Led by Mr. Carter himself, most people in the U.S. do not trust the oil companies to invest their profits in new production without supervision. So even though the oil companies expect to lose most of their extra earnings to the windfall profits tax, they also face the prospect of close public scrutiny of the way they spend whatever is left.

This angers the oil companies, who feel they are already being suffocated by government regulation (indeed, they look forward to deregulation as much for the freedom from bureaucratic interference it will bring as for its financial implications). They also strongly resent charges that they make excess profits, pointing to studies by investment analysts which show that the average rate of return in the petroleum industry has been at or below that of industry as a whole for many years.

Letters to the Editor

Cars

From Mr. D. Givner

Sir—John Philip's insurance article (May 26) raises an interesting question.

I think it most unlikely that the cost of claims arising directly from inadequate D.V.I. servicing could prove to be a significant proportion of total claims, and justify an increased premium. The danger I do foresee, if insurers include a question about servicing on proposal forms, is that they may discover that "unofficially" serviced cars, taken as a class, are actually less profitable to cover: there could be any number of possible reasons, some relating to drivers rather than cars.

The normal reaction would then be to raise premiums on this class of vehicle, so that it is an longer "subsidised" by other premium income. My purpose in writing is to suggest that in the longer term, such a redistribution of premiums could be against the interest of insurance companies, and society in general.

Many of these cars are not tax-deductible. Their owners cannot afford garage bills, and rely on D.V.I. or freelance help to keep them on the road. A servicing question on proposal forms could, for the first time, effectively isolate non-business users as a class. Present insurance categories, which group together private use and individual business use, do not do this.

I believe that the freedom conferred by car ownership may, like house ownership, be an important factor influencing choice of residence—perhaps we should speak of a car-owning as well as a property-owning democracy. If car ownership becomes increasingly the privilege of the business user, whether this is caused by high premiums, petrol costs, or legislation (the MOT test arrangements are garage-oriented and difficult for the D.V.I. owner) class divisions that are fast disappearing could just as quickly reappear. In our

society, anyone who can't run a car is indeed a have-not, and likely to vote accordingly. Insurance companies should not forget that they may one day need good will.

Older cars consume large quantities of spare parts from car makers and the component industry, through shops and semi-rapid growth in this sector as garage charges become too high for many owners. The "shopping" car is now essential transport. Any reduction in ownership will hurt all round. And an interest in bikes and cars represents basic technical education for many young people; a country as weak, technologically, as ours can ill-afford to discourage this by a "hands off" attitude.

D. C. L. Givner,
"White Cars",
31, The Ridings,
East Preston,
Littlehampton,
West Sussex.

Construction

From the Director,

Federation of Associations of Specialists and Sub-contractors

Sir—As Peter Riddell pointed out in his excellent article (May 26), public expenditure is likely to be the key to Sir Geoffrey Howe's first Budget, and significant cuts in public expenditure appear to be required if the new Government's economic strategy is to be implemented.

It seems almost inconceivable, however, that a sufficiently detailed and well thought out package of expenditure cuts of sufficient size to fit the requirements of financial targets and promised tax cuts could have been drawn up since the election. The worry must be that political expediency will once again lead to postponement—which means cuts of long term, and in most cases, well justified, capital expenditure as part of the overall package.

The growth of public expenditure this decade can be traced

entirely to the boom in current expenditure on wages, grants and subsidies, and it seems logical enough that restraint should be directed in this area. But whenever any restraint of public expenditure was required by previous Governments, it was the capital expenditure programmes—and particularly construction projects—which had to bear the brunt of the cuts. As a result public expenditure is now absurdly out of balance and an early aim of the new Government must surely be to restore priority to long term capital projects.

The construction industry has fought a long campaign to focus attention on this problem and on the effect that short sighted political expediency has had on construction programmes and on the industry.

The first major economic test of the new Government will be to see if it can bring public expenditure down to the level it desires without resorting to the "soft-option" cuts in capital expenditure favoured by its predecessor.

John Huxtable,
376, Grays Inn Road, W.C1.

The Times

From the Managing Director and Chief Executive, Times Newspapers

Sir—With reference to your report (May 31) under the heading "Dividing line between union to be blurred by technology," there are several references to the Times Newspapers dispute. Of course, Mr. Dobbins is correct in saying that the unions must work out their own agreements for new technology. But Mr. Harry Urwin is not correct in stating that the Times Newspapers' battle was an example of a failure of management to secure trade union co-operation. It was a failure of the unions to respond to the management's suggestion that they should co-operate.

We announced our plans publicly in May, 1976. Every member of staff and all unions

had had copies of this plan. Before this announcement we discussed them individually with every general secretary of every union. We then discussed them collectively with all the general secretaries. It has always been our view that the matter should best be resolved by joint discussions with all unions. Indeed, on November 10, 1978, Mr. Nisbet-Smith made the following proposition to the National Graphical Association:

"The company further gives the assurance until further notice that any agreement on direct inputting from sources other than the NGA will not be implemented without the fullest consultation with the NGA, and the prior agreement of all the parties. In giving their assurance, the company will initiate discussions with the national officers of all the parties concerned with the object of achieving their joint agreement to the principle and practice of single keystroking in Times Newspapers." Unhappily the NGA refused to accept this proposal.

Mr. Urwin also goes on to state that they are entitled to demand guarantees that people will not be thrown on the scrap heap. That is precisely the guarantee that Times Newspapers have given, and from which we have never deviated. Those who do not wish to take voluntary redundancy can stay. In other words, we have consistently followed the line that these two speakers recommend, i.e. that there should be joint discussions with the unions, and that no one should be thrown on the scrap heap. Times Newspapers, New Printing House Square, W.C1.

Learning

From Mr. P. Stewart

Sir—Having suffered the hell of a traditional Latin course at school I nevertheless agree with Malcolm Rutherford (May 21); a knowledge of Latin is invaluable.

But what killed compulsory Latin was the crass insistence that pupils must write as well as read it—and write in a style that died long before the Roman Empire.

A modern course would teach children to read fluently with the help of a dictionary and no more. Only the keenest and ablest students should go on to write. And the reading matter should be of all periods: Newton and Carmina Burana and the Vulgate as well as Virgil and Caesar.

May I add that we also need to see much more Greek taught in schools—and that this should be even easier to make interesting for the young.

Philip J. Stewart,
(Lecturer in Forest Economics),
St. Cross College,
Oxford.

Latin

From Mr. J. Blundell

Sir—If Robert Flavell (May 24) had the benefit of having studied Latin he might have avoided writing "the interest and motivation to learn is absent."

James Blundell,
Warrendale,
Mossley,
Congleton, Cheshire.

Furniture

From the Director,

Furniture Industry Research Association

Sir—As director of this research arm of the domestic furniture industry, the Minister for Consumer Affairs' announcement (May 24) regarding new safety regulations for upholstered furniture does cause me some concern.

Labelling to warn the consumer that if caught in a fire, such furniture does burn and is therefore just one of the many hazards in a home a person has to guard against, must be a matter for industry and Government to resolve. But from my deep practical experience there are many and complex problems

associated with aspects of ignitability and ultimate flammability that must counter any over-hasty rush into legislation to try to make all upholstered furniture resistant to ignition from smokers' materials.

The element of fashion, consumer choice, the very different problems of ignition versus flammability, the actual fabrics available and their costs, the unavailability (as yet) for domestic volume of any realistic alternative to foams on the market—all mean over-reaction at this stage and could turn what is an undoubted problem into a greater hazard. And one cannot ignore the cost of any sudden changes that might in theory look feasible (from our research these costs are very much higher than the 5 per cent figure I have seen quoted by the Department of Trade).

So can I just put in a plea to the Minister for speed with caution. I welcome her statement regarding consultations with interested parties being held without delay, but we must all make sure the hazard is completely understood, and that the ways of reducing the hazard are as practical as possible and economic to bring about.

Donald M. Houghan,
Marwell Road,
Stevenage, Hertfordshire.

Directories

From the Chairman,

Underwoods (Cash Chemists)

Sir—Men and Matters (May 24) the Post Office confirms its attitude to old telephone directories, that they are not an economic proposition to collect for waste paper.

Surely an alternative approach, so as to reduce costs and the very wrongful waste of paper, would be to charge, say £1 or £2, for new directories, collected from the local Post Office. This, I believe, is done in France.

People would care more for their directories also, having paid for them.

H. Woolf,
60, Kings Road, SW3.

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The homecoming of the Pope

By PAUL BETTS in Rome and ANTHONY ROBINSON and CHRISTOPHER BOBINSKI in Warsaw



Pope John Paul

YARDINAL WYSZYNSKI, Primate of Poland, exclaimed, "The election of Pope is a miracle." Msgr. Karol Wojtyla, Cardinal-Bishop of Cracow, was claimed Pope. "Having him in Poland is an even greater miracle," Father Andrzej Barcik, the Pope's close friend and collaborator for 30 years, said this week.

Other Bardecki was echoing sentiments of millions of Poles as this second "miracle" place today with the val in Warsaw of the first ever to visit Poland and the first ever to visit a communist state.

The formal invitation was by the Polish episcopate, Poland has no diplomatic relations with the Holy See. But of the Pope's first duties be to call on the Head of State, Mr. Henryk Jablonski, the Secretary of the Communist Party, Mr. Edward Giersek, and other state and

party leaders at the Belvedere Palace before going on to celebrate mass at a huge open air ceremony in Victory Square.

Workmen have been labouring all week to erect a massive altar in the square which now harbours the tomb of the Unknown Warrior, but was once the site of a huge Russian Orthodox church built under Russian occupation of Poland in the 19th century. It was demolished soon after Poland regained independence after the first World War. Throughout the occupation and many others during Poland's 1,000-year history, the Church kept alive Polish culture and Polish Catholicism.

After 35 years of Communist rule the popular appeal of the Church is undiminished. Millions of Poles await the papal visit with excited expectation, mixed with official nervousness and fervent hopes on all sides that nothing untoward will mar what is a truly historic moment—for Poland, the Church and relations between Catholics and Marxists world wide.

The visit marks perhaps the climax of what has been a most extraordinary year in the history of the Roman Catholic Church. The seven months of Pope John Paul have proved remarkable. His popularity seemingly knows no bounds. The Communist Mayor of Rome was forced to write to the Vatican last month to ask it to do something about the traffic jams which the Pope's public appearances cause every week.

Romans call him "il papa superstar," and since his accession there has been an astonishing religious revival in Italy, which is bound to have an effect in the elections this weekend.

In the Pope uses his popularity and his moral authority to great effect. He is also at heart a conservative in theological and doctrinal matters. In recent weeks, he has taken a firm stand supporting the Church's traditional views on abortion and priestly celibacy. But he is also a Christian humanist and tends to speak more about man than God. Indeed, in his first encyclical, *Redemptor Hominis*, the emphasis is squarely placed on human rights and the dignity of man.

In a sense, he combines his own remarkable qualities with those of two predecessors, the visionary revolutionary John XXIII and Paul VI, whose names he chose when he was elected. In his unique position as a product of a socialist country, he has repeatedly denounced not only oppressive totalitarian regimes, but also the failings of consumer societies.

He has shown great capacity for compromise. In Mexico, at the last Latin American Episcopal Conference, he criticised the left wing militant priests and their so-called theology of liberation, but at the same time defended the rights of the poor and the oppressed. In Rome, he has worked towards a reconciliation with Archbishop Marcel Lefebvre, the traditionalist rebel French prelate.

War cemeteries

A few weeks ago, on his 59th birthday, the Pope held what was tantamount to a dress rehearsal for his return to Poland. He set off on an emotional pilgrimage to the Benedictine abbey of Montecassino to pray in the abbey's Polish war cemetery.

Amid cries of "stolat, stolat,"—"may you live 100 years"—"may you live 100 years"—the Pope spoke about war, nuclear armament and human rights, denouncing fascism, but also warning against other systems where violence and repression were regarded as legal.

Old stories—new twist

Not many people who take their ideas for new magazines along to W. H. Smith are given much encouragement at all. Few indeed share the experience of John Cogle, who was advised to print four times as many copies as he was proposing.

His idea—a magazine for collectors, called *Antique Machines*—hits the bookshelves next month at 95p a copy. The first issue features in colour the original tea-making machines; ingenious mechanical contrivances of copper which date back to the turn of the century; when a Birmingham gunsmith patented an elegant array of springs and levers driven by an alarm clock. By 1904 it was being advertised as "valuable to ladies, nurses, professional and businessmen," and different models were selling for between 25 and 70 shillings. According to Christies, if one should reach the sale-room today it could fetch between 250 and £150.

John Cogle's idea is rooted in the conviction that a lot needs to be done to heighten the interest of the more thoughtful among us in engineers and their handiwork. He doesn't have too much faith that the *Financial Inquiry* into the engineering profession will bring about any drastic change in the way British people confuse engineers with garage mechanics. He wants to rekindle curiosity about the skills, craftsmanship and artistry that made British engineering world-famous. And he talks sadly of his own modern

It is no great secret that the U.S. view the Pope's homecoming as perhaps the most significant event in recent years to help accelerate the process of détente between East and West. Only four days ago, Mr. Cyrus Vance, the U.S. Secretary of State, was received by the Pope in private audience in Rome.

The Pope has shown understanding of the difficulties in which his election and his visit have placed the Polish and Soviet authorities. He has handled the affair with tact, compromising over the date, as the Polish authorities were worried about his original intention to return for the 900th anniversary celebrations of St. Stanislaw, the Polish patron saint and symbol of the independence of the Polish Church.

In a further gesture designed in part to appease the apprehensions of the Communist governments of eastern Europe, he appointed as his Secretary of State Msgr. Agostino Casaroli, the patient and respected architect of the Vatican's Ostpolitik launched unexpectantly under late Pope Paul VI. In doing so, he indicated on the surface at least, that he did not intend to conduct personally, as some Communist governments originally feared, the Vatican's complex relations with the Communist world. In turn, he has also demonstrated he does not plan to bring about any radical changes in Vatican diplomacy, but to continue along the broad lines of his predecessors.

The immediate objective of this policy is reconciliation. Msgr. Casaroli, who is to be elevated to Cardinal later this month, described some years ago the aim of his bridge-building efforts with governments essentially opposed to religion. "It is necessary that the methods... should be such as not make it impossible to attain the essential aim of the Holy

Sees pacifying action of concord." The Vatican has usually fought tooth and nail until the opponent is inside the walls; then it has been prepared to compromise. In Poland, where the Communist authorities have had to come to terms with the Church rather than the other way round, the Vatican is more than ever in a strong position when striking its compromise.

In Poland both Church and State hope that the Pope's visit will help the search for a mutually satisfactory *modus vivendi*, one which will allow the Church to continue making pastoral gains and the Communist Party to lead the state.

After the harsh repression of the post-war Stalinist years the Church has grown steadily in strength and self-confidence. The Renaissance soles or Baroque grandeur of Catholic Churches pierce the skyline of towns and country throughout Poland. Mass is celebrated everywhere to packed congregations. Children voluntarily through Catechism classes.

Lav Catholic associations like the Club of Catholic Intellectuals thrive. Under the de facto pluralism created by a powerful Church counterweight to State and party, Poles have created their own intellectual and cultural freedom. Although it is not reflected in the State-controlled media, independent minded Poles have created their own alternative culture through so-called flying universities and an active and varied dissent movement. It includes Marxist as well as Christian strains and a typically astringent brand of political and social wit and criticism.

In the dark years of Nazi oppression priests were killed in their thousands, seminaries disbanded and men like Karol Wojtyla and millions of other Poles were sent to forced labour. The Church continued its stubborn defence of Christian values and Polish culture. It kept up this defence after the formation of a Communist State.

In the intervening period Poland has been transformed. During the last decade especially the rapid industrialisation initiated by Mr. Giersek has endowed Poland with modern mines, factories and shipyards but also \$15bn of foreign debt and a taste for good quality food and consumer goods which is far from being satisfied. Now Poles face a possibly lengthy period of retrenchment and austerity. Having claimed exclusive credit for progress, the Communist Party now bears the brunt of disappointed hopes.

In 1956, 1970 and 1976 Poles rose in anger against their Government. In all cases the Church played a key role in calming inflamed spirits.

As a result the Church is strong in the knowledge that it cannot only live with Marxism but concentrate on its spiritual and pastoral mission. Cardinal Wyszyński has led the Church throughout these difficult years. But the Pope, as Archbishop, shared this experience to the full. Now he has been called upon to give universality to this experience; that is the heart of the matter as far as eastern Europe in particular is concerned.

In spite of complaints from the Church hierarchy about the refusal of the authorities to allow the Pope to visit the industrial heartland of Silesia and suspicions that by delaying decisions on television coverage and extra transport facilities they are trying to limit the crowds, Poles and the faithful from neighbouring Communist countries are expected to flock in their millions to the ceremonies. Audiences throughout eastern Europe—and especially in neighbouring Lithuania, western Ukraine, East Germany and Czechoslovakia should be allowed the Czechoslovak

able to pick up television coverage from the Polish TV.

They will be paying special attention to Sunday's sermon at Gniezno, west of Warsaw. This is the site of the shrine of St. Adelbert who died a martyr preaching to the Slavonic tribes in the 10th century. Velled behind historical allusions, eastern Europe will be listening for a re-statement of the Church's *Opus Dei* and its determination to defend the rights of believers with renewed vigour. The Vatican is expected to insist on its exclusive right to appoint Bishops. The result of four years ago when the Vatican allowed the Czechoslovak



Villagers preparing a wooden cross at Kalwaria monastery in readiness for the Pope's visit on June 7.

authorities to nominate two of the four Bishops appointed to vacant Czechoslovak bishoprics is not likely to be repeated under the present Pope.

But the message of most dramatic, universal appeal will surely be that which the Pope himself to the world from the site of the former Auschwitz concentration camp. Speaking a week before the East-West summit in Vienna he is expected to appeal for reconciliation between all men, the need to halt the arms race, and concentrate instead on the fight against poverty, injustice, and man's continuing inhumanity to man.

Weekend Brief

With

A year after being thrust into the role of reluctant captain, the directors of Alcatraz—once part of the 10 Lyon property empire—afford a minor celebration, March 30, they repaid the tranche of the company's 600 overdraft at the Mid-Bank. And on April 23 began repaying the 600 loan raised through yard North Central to finance their purchase of the last year.

Most corporate treasurers, amounts involved may be small. But to Alcatraz, a rural farm maker based on bridge Wells, they represent a large measure of faith, company, which began life-building contractor in 1949, and more than their share of the past four years.

Ironically, it was the part of the Lyon group to adding profitably when the came.

After a year of months of uncertainty, the liquidator of the group accepted an offer the directors and the final pension fund which gave directors a 51.6 per cent interest.

Some of them, the deal taking out a second year on their homes. But, as it is, indeed, gamble—appears to have paid 70-tax profits for the 12 months to September 1978 were 300 compared with 300 for the previous 12 months. The turnover was £12.5m and with £13.4m.

current year has started—mainly because of the winter in Scotland—h the order book is at a £8m. The chairman, Down, expects both sales production to pick up in 1979, the first year, the (which averages two pay) came as a bit of a surprise. But this year the staff believed that it was going to be a success.

order book is partly satisfying for the any which had to run hard the Lyon crash to find new s: Says Down: "There is an even greater awareness a survive one has to sell." more important, perhaps, effect that the crash and subsequent takeover by us has had on the management approach.

the improved effort doubt due to the profit-scheme introduced by directors even before they red control. Says Stubbs: 1977, the first year, the (which averages two pay) came as a bit of a surprise. But this year the staff believed that it was going to be a success.

the reorganisation, board is not looking for union just yet. It is quite nt to rebuild the foundation to ship during the crash. However, market have already dictated a away from agricultural s (which the company to make in 1963 in its first into manufacturing) ds industry.

what of the immediate Peter Down, who joined company as a foreman 28

Sparks of interest

As the world's motorists face another weekend of reduced petrol supplies, perhaps one of the more potentially cheerful places to stop off for lunch yesterday was London's Connaught Rooms, where the Electric Vehicle Association was having its annual jamboree. Most years this event is full more of hope than sales as far as the general consumer is concerned (there has long been a large hidden business in commercial vehicles) with much talk of exotic experiments and trial purchases. Could the tide now be on the turn?

Well, there's not much to report on the search for a new magic power source, although efforts to find energy for satellite-based laser beams may speed things along. But there is lots of optimism about public willingness now to think in terms of the range and speeds which electric vehicles of the moment can provide. Since most of us will not drive much more than 25-30 miles a day this weekend, and certainly not at high speeds, the electric vehicle is ideal for the task. Only in a three-car family could there be any prospect of a queue for the power socket.

Even now, however, electric power on the actual streets of our cities, other than on milk floats, is not just talk. American television has suddenly discovered a fleet of British-made electric trucks working happily in the San Francisco suburbs for the American Postal service. Harbuit, the privately owned manufacturer in Market Harborough, Leicestershire, won the contract for the job after putting one truck on show at an exhibition. So successful were the vehicles that the U.S. wanted more, and since Harbuit could not supply sufficient numbers the UK company did not even bid. The U.S.-made vehicles that were bought instead have not been the success of their British forebears and now eyes are turning to this side of the Atlantic again.

Harbuit still says it could not handle orders above the 35 or so it first supplied but would love to supply the know-how if someone else would do the manufacturing. The Danes also have a small fleet on trial so there could be quite a lot at stake.

Meanwhile the EVA itself is finding its life living up to the newly formed Electric Vehicle Development Group, a co-ordinating body aimed at being an information swap-shop and headed by Sir Daniel Pettit of the National Freight Corporation and Angus Munro of the Greater Manchester Passenger Transport Executive, is getting a flood of membership requests. Perhaps the quiet revolution is upon us after all.

Night of the big punch

Whatever the outcome of today's heavyweight boxing clash between Big John Tate of the U.S., and South Africa's Kallie Knoetze, one party is set to be a winner: the Republic of Bophuthatswana. With 500m viewers lined up to watch television coverage of the clash, billed as an eliminator for the world heavyweight title of Muhammad Ali, boxing seems set to win some recognition for South Africa's second independent tribal homeland, which diplomacy has signally failed to do.

The setting, in the homeland capital of Mmabatho, is certainly unimpressive. It consists of no more than a football stadium, a newly-built hotel and casino (the key attraction), some pre-fabricated government buildings, and a few low-cost housing developments. Not to mention a garage and the Taj Mahal restaurant. But promoter Mr. Bov Arum, whose Top Rank organisation currently dominates world boxing, is expecting 40,000 spectators to converge on what is little more than a rural slum. The gate should produce a world record R500,000 (US\$90,000), with considerably more coming in from the television rights.

"We are going to put Bophuthatswana (pronounced Bo-poo-ta-tswana) on the map," says Mr. Donnie Anderson, Tate's Kentucky-born business manager. But he is not concerned about the politics, just Tate's R350,000 (US\$413,000) purse, and all the lucrative spin-off from such a massive television audience.

"We had never heard of the place before. But Kallie had

bedside tea-maker which occasionally starts up unbidden in the middle of the night, awakening the family and frightening the cat.

One source of inspiration has been the number of famous firms which are close to their centenary and preparing commemorative books on their history. Another was an after-dinner bet as to who could produce from his attic the oldest mechanical contrivance. Cogle won it himself—with an 1897 plate camera that was renovated with the winnings and used later at a couple of weddings.

John Cogle himself is a soft-spoken engineer with a very wide range of experience, from rockets to food manufacturing lines. He edits *Electrical Review*, a leading weekly engineering journal for IPC. The jeremiahs have already been forecasting that he will soon run out of ideas on antique machines but he finds they flood in from every conversation. The only limit, he says, are that "we're not going to deal with furniture, porcelain or the fine arts—the traditional purview of the collector." The item also embodies the engineer's craft, as for example may an old water closet or even a lavatory chain.

He has yet to decide just how big is still beautiful—should it be beam engines, traction engines, windmills or what? Other ideas he is still mulling over include a possible feature on guillotine saws and electric chairs. But he was quickly excited by my own suggestion that he might take a look at the famous "port railway" made for Brendan Bracken to speed the port round his dining table.

Contributors:
Keith Sharp
Arthur Sandles
David Fishlock
Quentin Peel

Economic Diary

TODAY—Pope John Paul II starts an eight-day official visit to Poland.

SUNDAY—Italian general election. Bakers Union conference opens Margate (until June 8). Post Office Engineering Union conference opens Blackpool (until June 8).

MONDAY—Italian general election. Lord Armstrong, Midland Bank chairman, gives Institute of Directors lecture on a more logical way of presenting the nation's budget. 50p levy applied to UK securities transactions. Crown Agents Tribunal resumes. UK May official reserves published. CBI Monthly Trends Inquiry (May). Investment intentions of the manufacturing, distributive and service industries (1979 and 1980). Capital issues and redemptions (during the month of May). Stock Exchange turnover figures published.

TUESDAY—Mrs. Thatcher, the Prime Minister, flies to Paris for talks with French Government. Mr. Gordon Richardson, Governor of the Bank of England, speaks at annual lunch of Food and Drink Industries Council, London. Lloyd's seminar on Bill of Lading Conventions. World Airports conference. London (until June 7). Retail sales (April, final). Hire purchase and other instalment credit business (April). London clearing banks' monthly statement (mid-May). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-May). Annual meeting. Institute of Chartered Accountants of England and Wales.

WEDNESDAY—Dorothy Day (1902-78). Post Office statement on postal and telecommunications codes of practice. EEC City workshop on trade links, at Little Shin Club UK balance of payments (first quarter).

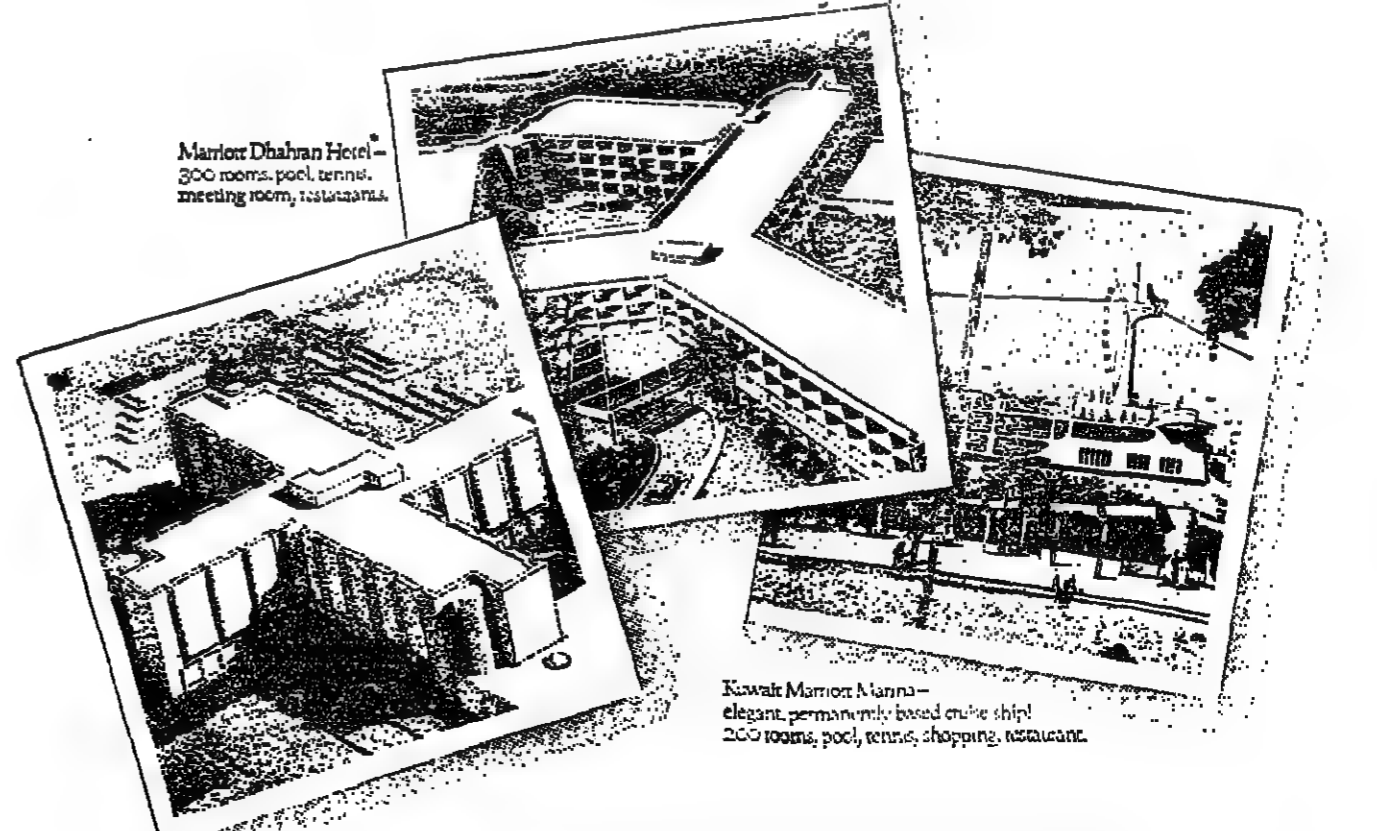
THURSDAY—European Parliamentary elections. Power and engineering workers resume pay talks. Housing starts and completions for April. Provisional figures of vehicle production for May. Survey of short-term export prospects (to the end of 1979).

FRIDAY—Department of Industry publishes company liquidity survey for first quarter.

SATURDAY—National Association of Local Government Officers conference opens, Blackpool (until June 15).

Marriott opens 3 new luxury hotels in the Middle East

Award-winning international hotel company opens its doors in Kuwait and in Dhahran and Riyadh, Saudi Arabia.



Marriott Dhahran Hotel—300 rooms, pool, tennis, meeting room, restaurant

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Marriott Jumeira Hotel, Riyadh—300 rooms, near airport, tennis, pool, restaurant

Marriott, which already has hotels in the U.S., Europe, and Mexico, is now offering its distinctive brand of hospitality in the Middle East.

The flavor at the new hotels is Middle Eastern. But the efficiency and service are American. And superbly Marriott.

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For details and reservations, call a travel agent, our London Sales Office (01) 493 8592 or your local Supranational Hotel Reservations number.

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Reliant Motor midway profit

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UK COMPANY NEWS

Prospects for Cope Sportswear

First quarter loss was suffered by Cope Sportswear in 1979, says Mr. Sydney Cope, the chairman, in his annual statement. He explains that the group was hit by the bad weather and external strikes.

Since mid-March activity has improved and the Board expects the group to fully recover and make a modest half-year profit. Mr. Cope adds that the pattern of trading has changed considerably and he expects second-half sales to be higher than those in the first half. This pattern is expected to continue.

In 1978 the group lifted taxable profits from £34,023 to £50,452, a turnover after from £6.3m to £7.2m.

The auditors in their report state that loans made to the directors contravened the provisions of section 190 of the Companies Act 1948. In notes to the accounts it is reported that during the year the company made loans totalling £60,000 to certain directors. The aggregate balance outstanding at the year-end was £55,311 which has since been repaid.

Meeting, Leeds, June 25, at 11.30 am.

Scottish Aviation

The Government has authorised a further compensation payment on account of £1.05m for Scottish Aviation. This brings total payment on account to £2.1m.

es EM

211p (0.136). Earnings per share above 20 (232p). Fixed assets £344.93m (202p). Dividend 12.2p (0.7783). Chairman says sales in a quiet year 1978 in all distribution divisions show increase. Total profitable sales of 1978. Meeting, Milton Keynes, 20 June.

GENERAL STOCKHOLDERS' INVESTMENT TRUST—Total income for half to April 20, 1979, £201.214 (5.961), before expenses and interest £228.846 (£24.085). Tax 57.751 (£1.249). Dividend 12.2p (0.7783).

Board feel that the dividend is of sufficient size to declare an interim dividend. Chairman says other companies in the UK has been a quiet year. Chairman says the company is still good value to be found in area. In the US the portfolio is still good value. Chairman says the oil and related sectors.

ENGLISH AND INTERNATIONAL TRADING—Revenue £1,219.7m (1978). £457.758 (£298.747) after tax £268.106 (£243.210). Final 3.20p (1978). Dividend 12.2p (0.7783).

LLEY LAMP COMPANY (wholly-

PENTLAND INDUSTRIES—Results for 1978 already reported. Group fixed assets £203.2m (1977). Dividend 12.2p (0.7783). Chairman says there is modest increase in profits for 1978. Chairman says the company is still good value to be found in area. In the US the portfolio is still good value. Chairman says the oil and related sectors.

POSCO MINERG (chemical and other products for metallurgical, construction and other industries). Chairman says 1978 already reported. Fixed assets, £27.21m (£31.68m). Net assets, £27.21m (£31.68m). Chairman says 1978 already reported. Increase in working capital, £2.72m (£4.51m). Chairman looks forward to 1979. Chairman says the company is still good value to be found in area. In the US the portfolio is still good value. Chairman says the oil and related sectors.

QUEEN ANNE'S GOLF—Revenue £1,219.7m (1978). £457.758 (£298.747) after tax £268.106 (£243.210). Final 3.20p (1978). Dividend 12.2p (0.7783).

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LAKE VIEW INVESTMENT TRUST—Revenue before tax for year to March

TRAVIS & ARNOLD LIMITED

National distributors of timber, building materials, plumbing and central heating equipment to the construction and allied trades.

Extracts from the Chairman's statement year ended December 31st 1978.

Profits: The Group achieved pre-tax profits of £4,692,000 an increase of 23.7% over last year on sales of £73,421,000 an increase of 4.4%. 1978 earnings per ordinary share before tax are 56.5p against 45.6p in 1977.

Developments: The most significant development during the year has been the acquisition of the Building Supplies Division of Ellis and Everard Ltd, at the end of August 1978. By the end of August 1978, we will have completed payment of £23,789,400 and received net assets of £23,855,100 in return. These assets are employed in a major building and plumbing materials supply network with over twenty-five branches in the East and West Midlands and a domestic coal merchant business. Despite the disappointing return on these assets in recent years, their integration into Travis and Arnold will prove to be of benefit in the future.

Current year: For the Company as a whole the current year has started in most uncertain fashion with the first road haulage divisional industrial action and then the extremely severe weather conditions, reducing sales below our budgeted levels. But I feel we should be able to recover from the poor start as the year advances and I look forward to the longer term future with confidence.

E. R. Travis
Chairman.

Copies of the Report and Accounts are available on request from Secretary, Travis & Arnold Ltd., St. James Road, Northampton.

CORAL INDEX: Close 511-516

Insurance Base Rates	1979
Property Growth	131%
Vanburgh Guaranteed	11%

† Address shown under Insurance and Property Bond Table.

LEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

46 Cornhill, London EC3V 3PB - Tel: 01-623 6314

Index Guide as at May 31, 1979

Capital Fixed Interest Portfolio	114.80
Income Fixed Interest Portfolio	105.00

Scottish Northern Investment Trust Limited

SUMMARY OF RESULTS

Year to 31 March 1979	Period ended 31 March 1978
Investments at Valuation	£66,608,823
Total Assets less Current Liabilities	£64,181,825
Ordinary 25p Shares in Issue	35,161,219
Accumulated Share	153,940
Revenue available for Ordinary Shareholders	£1,363,463
Earnings per Ordinary Share	3.88p
Ordinary Dividend (Rate 10p)	3.80p

EXTRACTS FROM CHAIRMAN'S STATEMENT.

The Annual General Meeting will be held on 22 June 1979 and warrants in respect of the Final Dividend for the year of 2.6p per share, if approved, will be posted on 22 June.

As previously announced the Viscount of Arbutnot has been appointed to the Board to succeed the late Professor Walton.

The results for the year are not strictly comparable but, on an annualised basis, Earnings per Share have increased by 15.6% per cent while Net Asset Value has improved from 120.58p to 153.94p, a rise of 27.67 per cent.

The Total Dividend for the year is 3.8p which represents an annual increase of just over 13 per cent. To reduce disparity between the Interim and Final Dividends the Board intends to maintain the interim payment at 1.25p per share on the capital as proposed by the proposed Capitalisation Issue.

A one-for-two Capitalisation Issue of Ordinary Shares will be proposed at the Annual General Meeting. The Company has continued to follow its policy of investing in unlisted companies which have good prospects of capital appreciation. During the year under review new investments have been made in a number of companies involved in a diverse range of activities as detailed in the Annual Report.

It is to be expected that the economic direction of the United Kingdom under its new government will be such as to improve the prospects for the continuing prosperity of your company.

DIRECTORS

R. J. C. Hemming (Chairman)
Colin A. Macleod
John Tennant
The Viscount of Arbutnot
Managers, Secretaries & Registrars, Paul & Williams, 6, Union Row, Aberdeen, AB9 8DQ

Copies of the Report and Accounts may be obtained from Paul & Williams.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Sheepbridge Engineering advised its shareholders to accept Guest Keen and Nettlefolds' all-equity offer of two ordinary GKN shares for every five Sheepbridge shares.

In an effort to lessen its dependence on glass containers, Rockwell announced that talks are in progress which may lead to the acquisition of the international plastic bottle manufacturing operations of Dart Industries of the U.S.

Acceptance of Largs' 404p cash offer for John Bright total 35.1 per cent which, together with existing holdings of Largs, represents 78 per cent of Bright. The offer is unconditional and remains open.

Thorn Electrical Industries purchased the special components department of Ferranti Computer Systems for an undisclosed sum.

Midland Bank bought the bulk of the assets of the failed Australian consumer finance company Associated Securities. The amount involved is yet to be finalised because of uncertainty over the ultimate worth of some of the assets being acquired, principally income still being earned on existing business.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Allied Ind. Props.	Dec.	521 (490)	0.41 (0.60)
Bass	Apr.	45,700 (38,900)	2.10 (1.89)
Brooke Tool	Mar.	212 (121)	1.21 (1.11)
Chemical Hldgs.	Jan.	765 (644)	0.59 (0.59)
Joseph Causton	Mar.	18,600 (15,800)	3.50 (2.86)
Marley	Apr.	8,140 (7,458)	1.54 (1.00)
Herman Smith	Jan.	25 (97.1)	0.23 (NII)
Wivernham Dtdy.	Mar.	3,330 (3,010)	2.50 (2.00)

(Figures in parentheses are for corresponding period)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. L. Loss.

APPOINTMENTS

Coombs Borland restructured

A GROUP of stockbrokers, formerly with W. I. Carr, have taken over the broking arm of Coombs Borland, which has now been restructured as an unlimited company member of the Stock Exchange under the name of T. C. COOMBS AND CO.

New chairman is Mr. Christopher J. B. Whitehead, formerly head of the options department at W. I. Carr. The other directors are Mr. John P. Morahan, Mr. Patrick Mahon and Mr. Rodney C. White. Mr. John Sheelhorn, also from W. I. Carr, has been appointed secretary.

The former partners of Coombs Borland, including Mr. Geoffrey Vines, the senior partner who is coming up to retirement, will remain as associate members of the new company.

Mr. Paul d'Ambrunelli has been appointed chairman of JARDINE MATHESON UNDERWRITING AGENCIES, the underwriting agency company within the Jardine Matheson Insurance Broking Group.

Mr. Bill Shepherd, commercial director of George Boyd and Co., has been elected chairman of the GUILD OF ARCHITECTURAL IRONMONGERS. He succeeds Mr. David Whitworth.

JOHN MOWLEM AND COMPANY has appointed Mr. Gordon Stephens to the new post of UK marketing manager of Mowlem (Civil Engineering).

Mr. M. V. Black, a City solicitor, has been appointed to the Board of PENTOS as a non-executive director.

Mr. C. J. Francis has been appointed general manager elect of FEDERATED INSURANCE COMPANY.

Mr. Dick Verdoes, former head of drilling with Shell (UK), has joined the SMEDVIG organisation as senior drilling consultant. He will work in an advisory capacity with emphasis on the personnel and training side and new business development, and will represent A/S Smedvig Drilling Company of Stavanger as well as the UK-based companies Dan-Smedvig Offshore Services and Dan-Smedvig-Marron Marine Drilling Engineering Consultants.

Mr. Tony Darling has been appointed director of sales with Bedford-based SIMPLEX MECHANICAL HANDLING COMPANY, manufacturer of fork truck attachments and locomotives. Until recently he was a regional manager with Lancer Boss, and was formerly sales director with Mafro.

Mr. David G. Cockburn has been appointed managing director of REDLAND INDUSTRIAL SERVICES, the industrial cleaning division of the Redland Group. He joins Redland from RHP where he was director of export operations.

Mr. Alan Tucker has been appointed deputy managing director of KANGOL MAGNET.

Mr. Ronnie Milloy has been appointed sales director, and Mr. Geoff Sheeky finance director of TRANSLINE relocatable building system specialists.

REINSURANCE UNION has appointed Mr. Malcolm J. Webb as underwriter for non-marine treaty business.

Mr. Terry Jackson, British Airways cargo development manager who retired in April, will join CARRYPAST INTERNATIONAL as interim services consultant on June 16.

Mr. John J. Destler will join GREY ADVERTISING INC. on July 1 as president of Grey International. Mr. Destler, who also becomes an executive vice-

Promised Irish petrol vouchers fail to appear

MOTORISTS FROM Britain were involved in angry scenes at Dun Laoghaire in the Irish Republic yesterday as they drove off a British Rail ferry without promised tourist petrol vouchers.

The voucher system, promising up to 20 gallons of petrol for visitors to Ireland, which is short of fuel, was to have begun operating yesterday. However, passengers on the early-morning ferry from Holyhead found no guarantee of fuel and complained bitterly to police.

Later, Bord Failte, the Irish Tourist Board, said that the ferry motorists would be able to get vouchers from its offices in Dun Laoghaire or Dublin. The plan was to distribute vouchers at ferry departure points in Britain and on the Continent. Up to 70 nominated garages are to co-operate in the scheme.

Queues for petrol at garages in the Republic stretched for several days as drivers tried to avoid the prospect of a stay-at-home White weekend, a holiday in Ireland.

More arguments took place between queuing drivers and householders who discovered entrances to their homes blocked by cars.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Percy Elton	Dec.	5,820 (5,700)	9.2 (9.2)	6.90 (6.15)
Brumby	Mar.	768 (815)	16.5 (17.0)	3.35 (3.50)
Davenport Knitwr.	Mar.	780 (626)	20.0 (16.5)	4.38 (3.96)
Dunhill	Mar.	10,780 (8,850)	61.9 (53.7)	9.81 (8.89)
Dwek	Dec.	648 (479)	4.1 (2.9)	0.32 (0.24)
R. A. Dyson	Mar.	260L (38)	—	—
Eastern Produce	Dec.	2,790 (7,160)	12.8 (37.3)	4.42 (4.54)
A. Goldberg	Mar.	2,340 (1,670)	16.2 (10.5)	5.10 (4.11)
Kayser Boudor	Dec.	965 (764)	6.7 (4.7)	2.17 (1.94)
Lamont Hldcs.	Dec.	101 (182)	1.0 (1.4)	0.30 (0.30)
Land Securities	Mar.	26,360 (13,430)	8.1 (6.7)	6.50 (5.27)
Long Ind. Trust	Mar.	11L (31L)	2.1 (3.1)	0.32 (0.32)
London Sumatra	Dec.	2,264 (1,308)	7.1 (4.5)	6.00 (4.00)
Macanie	Dec.	367 (390)	1.6 (2.5)	3.14 (2.00)
Minster Assets	Dec.	7,040 (7,690)	7.6 (8.0)	3.90 (3.53)
Norwest Holst	Mar.	5,440 (5,160)	58.6 (53.0)	5.04 (4.54)
William Pickles	Dec.	417 (817)	0.4 (1.5)	0.42 (0.68)
W. Samuel	Mar.	83,400 (81,000)	38.0 (24.8)	8.00 (8.60)
H. Samuel	Feb.	15,430 (10,390)	20.8 (17.1)	6.50 (6.00)
Sangers	Feb.	2,170 (1,650)	21.8 (14.0)	6.28 (5.50)

RIGHTS ISSUES

Joseph Causton: One-for-three at 36p.
London Investment Trust: Three-for-two after capital reduction.
MEPC: One-for-six at 154p.

SCRIP ISSUES

East Midland Allied Press: One "A" ordinary for every three "B" ordinary or "A" ordinary.
H. Samuel: One "A" ordinary for four "B" ordinary.
Time Products: Two-for-one.

Jarvis joins Ladbroke Group Board

Mr. John Jarvis, chairman and managing director of the hotels and holidays division of Ladbrokes, has been appointed to the board of LADBROKE GROUP. Mr. Jarvis, who is 38, joined the group in 1975 when it owned four hotels and 11 holiday centres. He has been largely responsible for the extension of the group's activities in these leisure areas to the present levels of 32 hotels, 22 holiday destinations, 59 public houses and associated restaurants and the expanding amusement machine hire business.

Three changes in BROWN BOVERI KENT management will become effective on January 1, 1980. Mr. John G. Vassanah, present chairman, will retire but will remain on the Board of Brown Boveri Kent (Holdings). Mr. John L. Lutyens, present chief executive, will succeed Mr. Vassanah as chairman. Mr. John P. W. Nulley, present managing director of the Kent Instruments and Automation Division, will become chief executive and will join the Board of Brown Boveri Kent (Holdings).

Mr. J. W. Bockmann and Mr. H. H. Black have been appointed to the Board of M & G INVESTMENT MANAGEMENT.

Mr. Maurice Ruck has been appointed director and general manager of the Leicester plant of EX-CELL-O CORP (ENGLAND). This follows the decision to combine the English and German factories of Ex-Cell-O into a European special machine tool division. Dr. Jürgen Jenrich is elected a director of the English plant. Dr. Jenrich is vice-president and general manager, European machine tool division, the German factory being at Dinslaken, Stuttgart.

Mr. A. G. Coles has been appointed chief solicitor to the WIMPEY GROUP of companies. He will co-ordinate the activities of the legal department and personally advise on group legal matters. Mr. Coles was previously legal adviser to Esso Petroleum and since 1973 was the company secretary. He is a member of the Law Society and of the committee of the International Bar Association dealing with energy and natural resources.

The BSS GROUP of companies has appointed Mr. E. W. Tye, director with Mafro.

The Trust Union, Limited.

Total Assets at 31st March 1979: £41.9 million.

Net Assets per Ordinary Share	F.T.-A. All Share Index
100 105 110 115 120 125 130 135 140 145 150 155 160 165 170 175 180 185 190 195 200 205 210 215 220 225 230 235 240 245 250 255 260 265 270 275 280 285 290 295 300 305 310 315 320 325 330 335 340 345 350 355 360 365 370 375 380 385 390 395 400 405 410 415 420 425 430 435 440 445 450 455 460 465 470 475 480 485 490 495 500 505 510 515 520 525 530 535 540 545 550 555 560 565 570 575 580 585 590 595 600 605 610 615 620 625 630 635 640 645 650 655 660 665 670 675 680 685 690 695 700 705 710 715 720 725 730 735 740 745 750 755 760 765 770 775 780 785 790 795 800 805 810 815 820 825 830 835 840 845 850 855 860 865 870 875 880 885 890 895 900 905 910 915 920 925 930 935 940 945 950 955 960 965 970 975 980 985 990 995 1000	100 105 110 115 120 125 130 135 140 145 150 155 160 165 170 175 180 185 190 195 200 205 210 215 220 225 230 235 240 245 250 255 260 265 270 275 280 285 290 295 300 305 310 315 320 325 330 335 340 345 350 355 360 365 370 375 380 385 390 395 400 405 410 415 420 425 430 435 440 445 450 455 460 465 470 475 480 485 490 495 500 505 510 515 520 525 530 535 540 545 550 555 560 565 570 575 580 585 590 595 600 605 610 615 620 625 630 635 640 645 650 655 660 665 670 675 680 685 690 695 700 705 710 715 720 725 730 735 740 745 750 755 760 765 770 775 780 785 790 795 800 805 810 815 820 825 830 835 840 845 850 855 860 865 870 875 880 885 890 895 900 905 910 915 920 925 930 935 940 945 950 955 960 965 970 975 980 985 990 995 1000

Price per Share

Year	Price
1969	100
1973	105
1977	110
1978	115
1979	120

Gross Dividends per Share

Year	Dividend
1969	100
1973	121
1977	142
1978	163
1979	184

F.T.-A. All Share Dividends

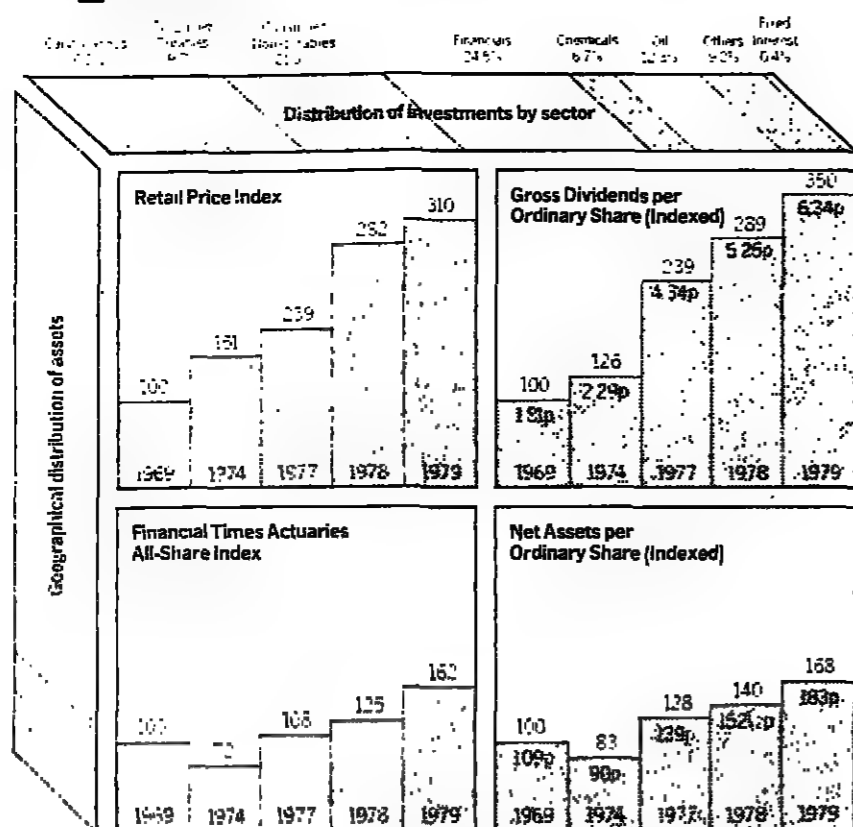
Year	Dividend
1969	100
1973	121
1977	142
1978	163
1979	184

A member of the Touche, Remnant Management Group.

Total funds under Group Management exceed £900 million.

Copies of the Report and Accounts can be obtained from the Secretary of The Trust Union, Ltd., Winchester House, 77 London Wall, London EC2M 1BH.

Continental Union Trust Company Limited



Total Assets at 31st March 1979: £34 million.

The past year has been marked by dramatic events in the financial arena. The most important economic decisions, the impact of sterling brought about almost entirely by North America and the weakness of the U.S. dollar. Unfortunately there has been no progress in the solution of the basic problems. The relatively satisfactory level of taxation on all incomes still a disincentive and discouragement.

any extra effort. The frightening annual increase in the National Debt and the enormous amount required to service that debt has profound and serious implications for the national economy. The return of industrial confidence will not be achieved while the Government continues to pre-empt such a large proportion of the nation's resources.

D.H. LeRoy-Lewis, Chairman

A member of the Touche, Remnant Management Group. Total funds under Group Management exceed £900 million.

Copies of the Report and Accounts can be obtained from Continental Union Trust Company Limited, Winchester House, 77 London Wall, London EC2N 1BH.

CONTRACTS

£8m for Cable and Wireless

A contract worth £8m has been won by CABLE AND WIRELESS for supply of a communications system powered by solar energy for an oilfield in the Middle East. Cable and Wireless will be responsible for the design, commissioning, installation and management of communications for Petroleum Development, Oman, which is building an 800-kilometre oil pipeline.

A total of 22 line-of-sight microwave towers, some up to 100 metres high, are being built to link the Marum oilfield with Muscat on the coast. All intermediate towers will carry solar panels in addition to communications equipment. The solar system, valued at £100,000, is being manufactured by Solaray of the U.S. and assembled in Britain by Solarpak.

HARGREAVES CONSTRUCTION AND PLANT (Northern) has won a £700,000 contract for the construction of five factories with all services and service areas for Aycliffe Development Corporation at Newton Aycliffe, County Durham. The factories will be single storied blocks of three and two, incorporating a two-storey office block. Factory construction will involve steel frames with brick and block external walls, and insulated metal cladding above to parapet level.

VICKERS NUCLEAR, Swindon, has an order worth about £500,000 for equipment for the Dungeness B advanced gas cooled reactor, to supply spring coils, used on fuel elements for the core of the nuclear reactor.

A contract worth £427,000 for development of a system to lessen the workload borne by air traffic controllers, has been awarded to **LOCKHEED ELECTRONICS COMPANY** of the U.S. by the Federal Aviation Authority.

A £337,000 contract has been awarded to **LESSER DESIGN AND BUILD** for work at the F. W. Woolworth store, High

Street, Epping. The existing building will be stripped to the basic structure, and the new layout will include administrative offices on the upper floors. The ground (sales) floor will be enlarged to 977 sq metres by construction of a single-storey extension.

PREECE CARDEW AND RIDER has been awarded a £300,000 contract by the Ministry of Posts, Telephones and Telegraphs to supervise a five-fold increase in capacity of the backbone telecommunications system linking Damman, Riyadh and Jeddah in Saudi Arabia.

HUMPHREYS AND GLASGOW SERVICES has been awarded a contract worth more than £250,000 by Higgs and Hill Northern for the installation of mechanical engineering services in a new automated warehouse in Sweet Street, Leeds, for Kay and Co.

SPL INTERNATIONAL'S industrial division has been awarded a £250,000 contract by ICI Fibres for a process management turnkey system for the company's Gloucester works.

Work has started on two advance factories of 3,000 square feet each for the Development Commission at Brampton, Cumbria. A contract worth about £184,000 has been awarded to **BORDER ENGINEERING CONTRACTORS**, Whitehaven. The premises should be ready for occupation in January.

BICC's cable support division has received an initial order valued at HK\$1.5m (£145,000) from Vantrunk Lion Singapore. The contract is for the supply of its "Leprack" cable support system for installation in the 3.73 km length of the Aberdeen road tunnels in Hong Kong.

EATON'S materials handling division has won a contract worth £35,000 to supply 10 rider electric fork trucks to Carera Packaging, a subsidiary of Kellogg Company of Great Bri-

tain. The 4,000 lb capacity Yale trucks will operate in a new £5m print and packaging plant at Liriam, Manchester, due to open in October.

Following supply of a pilot paint plant a year ago, **CARRIER ENGINEERING COMPANY** is providing over £100,000 worth of finishing plant for Stonefield Vehicles, Scottish manufacturers of four-wheel drive trucks. The plant at Cummock, Ayrshire, comprises two separate painting lines, one for cabs and chassis, the other is for body panels and is part of an expansion programme.

Rapid tool re-setting in minutes rather than hours is a feature of two coil slitting machines being built by **TI BROOKES** for Coopers Mechanical Joints, Slough. Comprising an order worth nearly £50,000, the machines have threaded cutter shafts, special locking rings and a digital readout system to indicate distances between cutters.

INTERNATIONAL HARVESTER has won a £300,000 order to supply Bruun System AB of Sweden with 120 International transmission units.

SIMON-CROFTSHAW of Long Melford, Sudbury, Suffolk (A Simon Engineering company) has received a £500,000 contract from Courtaulds Engineering, Coventry, for a solvent recovery plant. The contract involves the design, manufacture, supply, erection and commissioning of a plant to recover acetone used in the manufacture of acetate yarns and plastics by British Celanese at Spondon, Derby. Completion is due next March.

LINK ELECTRONICS has been awarded a £15m contract for three more colour TV mobile control rooms for the BBC. Each outside broadcast unit can operate eight colour cameras as well as up to four remote inputs. These new generation units have been designed to provide the backbone of the BBC's mobile control fleet for the next 12 years.

Plessey wins £3.2m orders

The Post Office has placed orders worth nearly £1.7m with **PLESSEY COMMUNICATIONS AND DATA SYSTEMS**, Nottingham, for telephone apparatus and switchboards. Included in the orders are: four-standing cord-type private branch exchanges, using lamp signalling on all circuits, with a capacity of 40 exchange lines plus 180 extensions; telephone handsets with built-in amplifiers for use in noisy surroundings or by the hard-of-hearing and box connection units for use in house exchange systems providing up to 10 stations with intercom facilities and access to two external lines.

PLESSEY AVIONICS AND COMMUNICATIONS (PA and C) has won tenders for the supply of ancillary equipment to the Ministry of Defence for the Clansman radio system. The contracts, worth over £1.5m, include orders for about 4,000 dc-charging units.

COSELEY BUILDINGS has been awarded a contract worth more than £1m for erection of steel works for the new American Deleorcan car plant at Dunmurry, Belfast.

TOWCO GRATTE has won contracts worth £965,000. For European Ferries, work involves the design and construction of the mechanical and electrical services for a refurbishment at Heneage Lane, EC3 valued at £410,000. Other orders comprise a contract worth £365,000 for the installation of building services for Splitters at New Malden and the provision of mechanical services costing £190,000 for Revlon International's headquarters in Brook Street.

The Port of Tyne Authority has awarded a £500,000 contract to **WILLIAM T. WALLACE AND SON** to provide 25,000 sq m of paved areas for roll-on, roll-off traffic and passenger cars at its North Shields ferry terminal.

MOTOR PANELS (COVENTRY) has won an initial contract worth £30,000 to supply Dutch truck manufacturer Floor with 200 standard cabs for its new heavy duty tractor unit. The new

Scylinder turbo-powered 450 bhp vehicle has been designed for dockside operation and features an automatic transmission power steering and parabolic springs.

A contract for deck machinery worth about £175,000 has been placed with **K. AND L. MARINE EQUIPMENT**, a member of the Sunderland Shipbuilding and Engineering Group. The machinery is for four naval twin-crew tractor tugs which Richard Dunsdon (Hessle) is to build for the Ministry of Defence.

ACOUSTICS AND ENVIRONMENTAL has been awarded a contract worth around £5,000 for the supply of heat recovery equipment to the island of Gibraltar. The order was placed by the Department of the Environment (Gibraltar).

BAIRD PATENT CONSTRUCTION, a member of the Baird Group of BICC, has awarded a £2.5m contract by Reads, a subsidiary of the American Can Company, for the design and construction of a factory to be built at Runcorn, Cheshire, to produce two-piece cans for the drinks industry.

INGERSOLL ENGINEERING PROJECTS has won a contract worth around £1.75m from Jaguar Rover, Triumph for engineering design, project management, procurement and commissioning services in respect of the new Land Rover diesel and petrol engine production and expansion programme.

JAMES SCOTT (ELECTRICAL CONTRACTORS), a subsidiary of James Scott Engineering Group has been awarded a £650,000 electrical installation contract for Phase 1 of the Chester District General Hospital. The contract is for the complete electrical installation of the 160-bed unit including all lighting and power, the low voltage cabling distribution, main switchboards, stand by diesel generating sets, canteen lighting, plant alarm system, radio and television distribution systems, the nurse call and medical gas and fire systems.

Ultramar Company Limited

Record results for first quarter of 1979.

Our results for the first quarter of 1979 were excellent and easily a record for the Group. Operating profit before taxation for the first quarter amounts to £12,199,000 compared with £9,843,000 for the corresponding quarter of 1978. Operating profit after taxation comes to £8,816,000 for the quarter, compared with £3,869,000 for the first quarter of 1978. Last year we had a large non-cash deduction (£2,483,000) from our operating profit because of adverse foreign exchange fluctuations. This year the situation is different and we have an addition of £2,302,000 to our first quarter profit, giving us net earnings attributable to Ordinary Shareholders of £8,745,000.

I should mention that these results are arrived at on the basis of the new Accounting Standard, SSAP 15 relating to deferred taxation. This new Standard 15 came into effect on 1st January 1979. Applied to our first quarter results it eliminates £775,000 of deferred taxation, mainly on Canadian profits, because we cannot see that taxation becoming payable.

Last year our profits were largely due to the Indonesian operations. In the first quarter of 1979 there has been a significant improvement in our Canadian and other operations, and I am glad to say this improvement has continued since the end of the quarter. Though the Indonesian operations now contribute a smaller proportion of our group profits - being less than 40% of our total group profits after taxation for the first quarter - they continue to be a very important part of our business. The Badak LNG Plant is operating at near capacity. Gas production from the Badak field serves as the primary supply for this plant. It now appears that in 1979 there will be additional shipments of LNG from the Badak Plant over those previously scheduled, and of course at higher prices. In the nearby Nilam field, four rigs are drilling and have added substantially to gas reserves. Negotiations are in progress for the expansion of the Badak LNG Plant.

There have been serious disruptions and restrictions of crude oil output by producing nations. We have contracted for crude oil supplies from alternative sources to help offset the loss of crude from Iran and other countries.

The Quebec Refinery recently had some crude oil supply problems but still averaged over 75,000 barrels per day throughput during the first four months of 1979. After completing its annual maintenance turnaround, the Quebec Refinery is expected in the next few days to resume normal operations for the rest of the year. The Newfoundland and California Refineries operated at close to capacity during the first quarter.

Sales of petroleum products in Canada were at record levels with Canadian Fuel Marketers contributing over 100,000 barrels per day in the first quarter. There is a trend in Canada of rising prices for gasolines, heating oils and heavy fuel oils, and this has helped profit margins of our Canadian marketing companies.

We have entered an era where oil, gas, and energy in general, is in short supply and expensive. It is hazardous to predict results far down the road, but we have built a broad based business which has grown stronger year by year. Our management is well geared to adapt to the changing oil world.

We expect 1979 to be a record year. I have told you in my Statement in the Annual Report that we shall in November pay an interim dividend of 5p (net) per share on the Ordinary Shares and that we expect to recommend at next year's Annual General Meeting a final dividend of the same amount.

Campbell Nelson
Chairman

Group Results for the Quarter to 31st March 1979

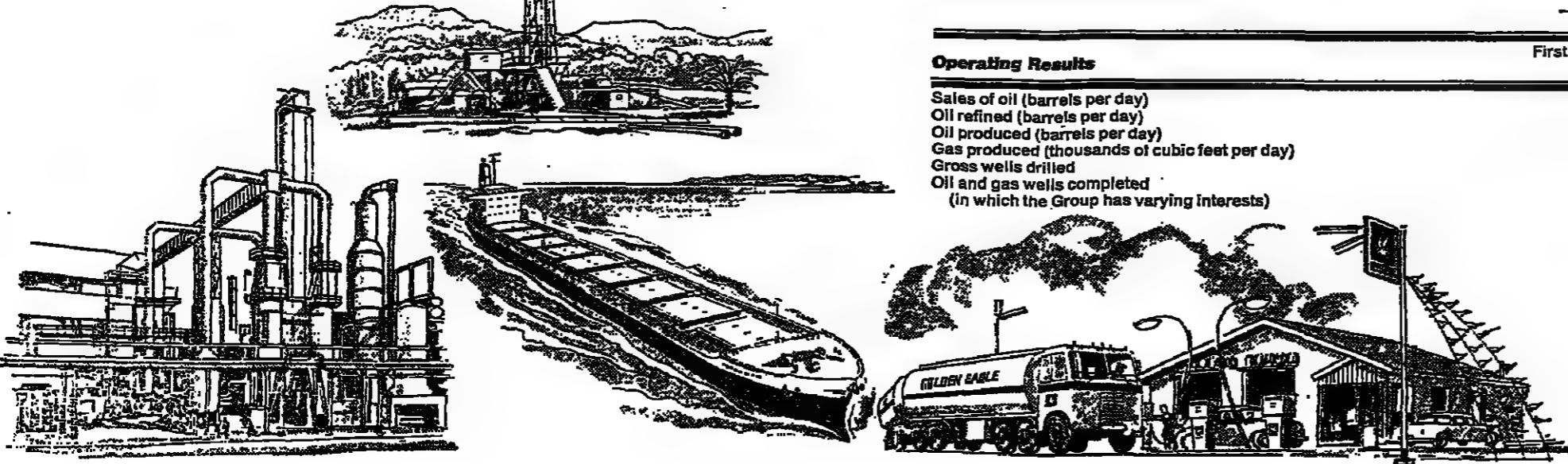
	First Quarter 1979	First Quarter 1978 (Note 5)	Year 1978 (Note 5)
Consolidated Profit and Loss Account			
Sales	£200,802	£194,330	£595,133
Profit on trading	15,816	12,782	50,237
Amortisation, depreciation, depletion and amounts written off	3,617	3,149	12,451
Operating profit before taxation	12,199	9,645	37,786
Taxation on operating profit			
Current	2,862	3,131	13,228
Deferred	2,521	2,643	9,513
	5,383	5,774	22,739
Operating profit after taxation	6,816	3,869	15,047
Foreign exchange fluctuations - Profit/(Loss)	2,302	(2,483)	(6,468)
Profit after taxation and foreign exchange fluctuations	9,118	1,386	8,578
Deduct: Convertible Redeemable Preferred Shares dividend	282	285	1,050
Advance Corporation Tax written off	111	136	808
	373	401	1,858
Earnings attributable to Ordinary Shareholders	£8,745	£ 985	£ 7,720
Cash flow from operations	£11,016	£6,783	£ 31,632
Earnings per Ordinary Share (before foreign exchange fluctuations)			
Basic	15.4p	8.3p	31.6p
Fully diluted	13.7p	7.8p	30.3p

Consolidated Statement of Source and Application of Funds

	First Quarter 1979	First Quarter 1978	Notes to Group Results
Source of funds			
From operations:			
Operating profit after taxation	6,816	3,869	
Amortisation, depreciation, depletion and amounts written off	3,617	3,149	
Deferred taxation on trading profits	2,521	2,643	
Indonesian debt service equalisation (Note 4)	(1,903)	(2,676)	
Profit on sale of fixed assets	(35)	(2)	
	11,016	6,783	
Cash flow from operations			
From other sources:			
Long term loans raised	88	25,753	
Proceeds on disposal of fixed assets	263	1,420	
Exchange adjustments due to currency realignments	(569)	(654)	
Miscellaneous items	50	134	
	£11,986	£33,436	
Application of funds			
Acquisition of subsidiary companies	3,444	—	
Additions to fixed assets	6,524	4,166	
Capital expenditures	9,968	4,166	
Portion of long-term debt now due in one year	2,138	1,043	
Convertible Redeemable Preferred Shares dividend including Advance Corporation Tax £129,000 (1978 £136,000) (Decrease)/Increase in working capital	391	401	
	(569)	27,826	
	£11,986	£33,436	
Working capital at 31st March 1979	£22,700	£37,136	
Long-term loans at 31st March 1979	£85,087	£81,765	

	First Quarter 1979	First Quarter 1978	Note
Operating Results			
Sales of oil (barrels per day)	280,900	198,300	
Oil refined (barrels per day)	105,700	103,800	
Oil produced (barrels per day)	9,200	9,600	
Gas produced (thousands of cubic feet per day)	171,800	174,500	
Gross wells drilled	8	7	
Oil and gas acreage completed (in which the Group has varying interests)	5	3	

Sales of oil for the first quarter 1979 include Canadian Fuel Marketers Ltd. product sales of 103,400 barrels per day.



Ultramar
2 Broad Street Place, London EC2M 7EP

Ultramar

Companies and Markets

Early irregularity on Wall St.

INVESTMENT DOLLAR PREMIUM
\$2.60 to \$1-\$1.1% (311%)
Effective \$2.04-\$2.01% (301%)

A NARROWLY MIXED tendency prevailed on Wall Street yesterday morning, when Money Supply figures reported Thursday...

Closing prices and market reports were not available for this edition.

day and the lifting of Oil Price Controls, which began yesterday, seem to be receiving little response from investors.

plus were unchanged in the week ended May 23, while the broader based M-2 rose \$1.5bn.

Concern about what type of recession the country appears to be facing continued to be a damper on Stock Market prices.

WORLD STOCK MARKETS

Table with multiple columns for various stock markets including New York, London, Tokyo, and others, listing stock prices and indices.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones Industrial Average and other indices for New York, including dates from May 31 to May 25.

Indices

MONTREAL

Table showing Montreal stock indices and other market data.

STOCKS

Large table listing various stock prices and indices across multiple markets, including London, Tokyo, and others.

STANDARD AND POORS

Table showing Standard and Poors indices and other market data.

THURSDAY'S ACTIVE STOCKS

Table listing active stocks on Thursday, including various companies and their prices.

F.T. CROSSWORD PUZZLE No. 3,985

A prize of £5 will be given to each of the readers of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4DY.

RACING BY DOMINIC WIGAN

Jubilee has chance to show true ability

THE QUEEN'S 1000 Guineas runner-up, Jubilee, who proved such a disappointment when going down by six lengths to Buz Kashi in York's Derwent Handicap on May 17, takes on the Warwickshire again in today's Ultramar International Fillies Stakes at Kempton.

Table with crossword puzzle clues and solutions, including categories like Across and Down.

SPAIN

Table showing Spanish stock market data and indices.

GERMANY

Table showing German stock market data and indices.

PARIS

Table showing Paris stock market data and indices.

AMSTERDAM

Table showing Amsterdam stock market data and indices.

VIENNA

Table showing Vienna stock market data and indices.

JOHANNESBURG

Table showing Johannesburg stock market data and indices.

INDUSTRIALS

Table showing industrial stock market data and indices.

SOLUTION TO PUZZLE No. 3,985

Table showing the solution to the crossword puzzle, including words and their positions.

SOLUTION AND WINNERS OF PUZZLE No. 3,981

Following are the winners of last Saturday's prize puzzle.

Mr. J. Hesketh, 2 Florida Cottages, St. Margaret's-at-Cliffe, Dover, Kent.

Mr. H. E. Timms, 12a Beverley Court, Kenton Lane, Kenton, Harrow, Middx HA3 8U9.

Mr. P. Trow, 31 Brackenbury Road, London N2.

THURSDAY'S ACTIVE STOCKS

Table listing active stocks on Thursday, including various companies and their prices.

BRUSSELS/LUXEMBOURG

Table showing Brussels/Luxembourg stock market data and indices.

OSLO

Table showing Oslo stock market data and indices.

MILAN

Table showing Milan stock market data and indices.

STOCKS

Table showing various stock prices and indices across multiple markets.

Kemp-Gee Managmt. Jersey L

[illegible]

NOTES

* include \$ premium except where indicated \$, and are in pence unless otherwise indicated.
† shown in last column allow for all buying expenses. A Differed price includes all expenses.
‡ C, Yield based on offer price; C, Estimated; Y, Year's opening price; H, Discounted.
§ Periodic premium insurance plan; S, Single premium insurance; D, Differed price includes agent's commission; V, Offered price includes all expense if bought through market; R, Selling financial group unless indicated; F, Foreign.

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10 Victoria Street, London SW1E 6QS.

Schlesingers

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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Five to Fifteen Years

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50

Over Fifteen Years

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
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Undated

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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INTERNATIONAL BANK

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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CORPORATION LOANS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50

COMMONWEALTH & AFRICAN LOANS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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LOANS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
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FOREIGN BONDS & RAILS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

AMERICANS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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BANKS & HP—Continued

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

BEERS, WINES AND SPIRITS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50

CANADIANS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

BANKS AND HIRE PURCHASE

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

CHEMICALS, PLASTICS—Cont.

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

DRAPERY AND STORES

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

ELECTRICAL AND RADIO

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

FOOD, GROCERIES, ETC.

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

ENGINEERING—Continued

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

INDUSTRIALS (Misc.)

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
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British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

HOTELS AND CATERERS

Stock	Price	% Chg	Yield
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50
British Fund	10.50	+0.10	4.50

INDUSTRIALS (Misc.)

MAN OF THE WEEK

Building a fortune

BY ARNOLD KRANSDORF

BY WAY of celebration David Quayle, Britain's latest millionaire, went out and bought himself two five and six handkerchiefs for £35 this week.

The sale to the public of 25 per cent of the equity of his DIY Supercentre business—B and Q (Retail)—had injected a cool £850,000 into his bank account and the Stock Exchange had just valued his remaining 20 per cent stake in the company at £3.4m. A modest man, he couldn't think of anything else he needed.

More than anything though, his new found wealth has bestowed a tangible form of recognition of 10 years' work, and he feels rather proud of himself.

Critical

Aged 42, David Quayle is the son of a regular officer in the Royal Air Force. A middling student, he graduated from Brighton College, a public school, with six "O" level, one "A" level and a passion for the art world.

With his eye on teaching or perhaps sculpture or design, he enrolled at the Southern College of Art in Southampton for two years but failed his National Diploma in Design. "It was not a waste of time," he recalls. "It helped to develop a critical faculty."

But without a trade or profession, the youthful David Quayle turned his mind back to a school tour of Harrods and decided to try his hand at retailing.

Enterprise

First stop was a year's employment as a carpet salesman with the John Lewis Partnership, interrupted by two years' National Service in Cyprus. He recalls his military days as "good fun but boring." Even then, the entrepreneurial David Quayle had his eye on ways to make an honest buck.

"Any enterprise was well received in those days," he said. "Under the control of the barrack room officer I ran a 'coke swindle', selling soft drinks and rolls to my fellow airmen and making up to £30 a week."

After leaving John Lewis, the ambitious David Quayle joined Marley Homecare, the D-I-Y and home improvement company where he rose from assistant manager to store manager, area manager, sales promotion manager and finally general manager of Marley's Belgium operation.

A colleague at the time, Mr. E. W. Lansdowne, now managing director of Marley Homecare, recalls that David Quayle "was always energetic, full of retailing ideas particularly to do with merchandising and display. He also had strong views and always took time out to see both sides of a discussion. His strongest attribute was his ability to deal with staff."

Wistful

He noted wistfully: "Perhaps if he had stayed, we might have developed our large store operations at an earlier stage." But after five years with Marley, David Quayle was ready to start selling D-I-Y products on his own account and, with a £12,000 overdraft, opened his first shop in Southampton.

Today, there are 28 stores with an average floor area of 16,000 square feet and turning over more than £1m a year. The key, according to David Quayle, is to provide the senior managers and staff with the necessary incentive.

"You get a damned sight further by sharing things," he states—a policy which has put 39 per cent of the company's equity into the hands of nine senior executives and 3.6 per cent into a newly-formed Staff Trust. In addition, employees participate in a generous profit-sharing scheme, an annual bonus of three weeks' wages, four weeks annual holiday, double pay for overtime and a 20 per cent staff discount scheme.

Mountains

The Staff Trust, to which all employees automatically belong, is his pet ideal. He hopes that by, for example, re-investing dividends, the Trustees will one day hold as much as a fifth of the company's shares.

This would "involve" the workforce to an even greater extent and lead to greater efficiency and profits, he believes. As well as being successful, David Quayle is clearly leading a new generation of businessmen—the collectivist capitalist, in the employees' handbook he quotes William Blake: "Great things are done when men and mountains meet."

Banks tighten security procedures for loans

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE CLEARING banks are changing their procedures for taking security on loans after two Appeal Court decisions in March which in effect, established that the security of borrowers' private homes may in many cases no longer be enforceable.

The cases involve Williams and Glyn's Bank, which confirmed yesterday that it is taking the matter to the House of Lords.

A Law Society committee will consider the implications next week.

The decisions meant that, if a house is in the name of one person, usually the husband, and another person (normally the wife) has contributed to the cost, then a mortgage will not enable a bank or building society to obtain possession in the event of a default, unless the second person consented to the mortgage at the time of its creation.

After the Appeal Court decision, Williams and Glyn's

and Midland Bank sent revised lending instructions to all branch managers. Lloyds Bank followed suit on May 21 and Barclays and National Westminster are about to act similarly.

Essentially, managers are being told to identify people, spouses or otherwise, who might be held to have an equitable interest in houses to be mortgaged. Those in that position will then be asked to waive prior rights to the property in writing.

Williams and Glyn's takes the view that the person should have independent legal advice, and other banks have prepared statements telling the person to consult a solicitor if he or she has any doubts before signing a prepared form.

National Westminster Bank plans to offer him or her the alternative of joining in the mortgage charge.

A question the banks had to resolve was what to do about existing mortgages. Apparently,

these will be left as they stand until loans come up for renewal or extension, when the new procedures will apply.

Michael Cassell writes: The building societies' position is that there is great doubt about the Appeal Court's decision and that it still has a good chance of being overturned.

If the decision were confirmed they too would be forced to seek a full range of disclaimers from any person who might have an interest in a property.

The Building Societies Association said that societies would also have to consider placing a greater emphasis on joint mortgages, although that type of arrangement already accounted for much of their business.

Trouble might arise through the presence of tenants in many mortgaged properties, but usually there is no contravention of the mortgage deed and not, at least officially, known to the societies.

Safety clearance for UK's DC-10s

By Michael Donnan, Aerospace Correspondent

THE UK Civil Aviation Authority, which is responsible for the airworthiness of all aircraft on the UK register, yesterday said it considered the DC-10 airliners used by British airlines to be safe.

Its decision came after a meeting lasting several hours at the authority's airworthiness headquarters at Redhill, Surrey, attended by representatives of British Caledonian (which has three DC-10s), Laker Airways (which has six) and British Airways (which uses one on lease from Air New Zealand).

The meeting reviewed in detail the DC-10 checks ordered by the U.S. Federal Aviation Administration, following the crash of a DC-10 at Chicago a week ago which killed 273.

Later, the authority said that it was satisfied that the UK airlines had correctly carried out the checks — to engine mounting assemblies — and that "the aircraft are in a safe condition for flight."

After the meeting, it was pointed out that no conclusions about the cause of the Chicago accident could be drawn until the U.S. accident investigation had been completed and this might take months. But everything possible had been done to ensure the UK DC-10s were safe.

British Caledonian was critical of some statements about the DC-10 made in the U.S. "We are appalled that a number of official bodies and unqualified individuals, particularly in the U.S., have seen fit to make suppositions and put forward unfounded theories about the American Airlines accident in Chicago before the real cause is discovered by the investigating team."

The comment was stimulated particularly by a reported remark by the U.S. by Captain Philip Hogue, a member of the five-man National Transportation Safety Board, who said he would not fly on DC-10s until experts obtained answers about its safety. The safety board is investigating the Chicago crash.

Laker said: "We have every confidence in our DC-10s—they would not be flying otherwise. We have checked thoroughly for the type of fault found in the U.S. and there are no problems."

A National Airlines' DC-10 bound for Amsterdam from Miami yesterday turned back after a fault developed in one engine, but the precise cause was not known.

In New York, a relative of one of the victims of the Chicago crash filed a suit against American Airlines and McDonnell Douglas for damages of \$1bn.

Electrocution warning

A DANGER warning has been issued by the Department of Trade over some mains-battery radio-record players from Taiwan.

The SEAUN radio-phonograph model A-108A, has live terminals inside the battery compartment that can be touched easily.

Gothard dies

SIR CLIFFORD GOTHARD, OBE, former chairman of Marston's Brewery and the Burton Daily Mail, has died aged 83.

Knighted in 1959, he was a former chairman of Burton-on-Trent magistrates and president of Burton Civic Society. He leaves a widow.

Doctors set for big pay rise

BY ELINOR GOODMAN, LOBBY STAFF

BIG PAY increases for senior civil servants and National Health Service doctors and dentists are expected to be announced next week in spite of the Government's commitment to reducing public-sector borrowing.

Ministers met yesterday to consider reports by two independent pay review boards that are believed to recommend increases in pay for the medical profession at least of more than 20 per cent.

At issue, apparently, was whether next year's recommended increase of another 10 per cent or so should be brought forward to add to that, giving doctors an immediate rise of 30 per cent or more.

On the table at yesterday's meeting of the Cabinet's economic sub-committee were the Top Salaries Review Board's report on the pay of senior civil servants and judges, and the recommendations of the Doctors' and Dentists' Pay Review Body on the NHS's 63,000 doctors and 13,000 dentists, and the terms of the new contract for hospital consultants.

Last year the pay body recommended a 28.5 per cent rise in the real value of doctors' pay. The Labour Government agreed to pay that in three stages, the second, just less than 10 per cent, payable on April 1. The decision on whether doctors should be compensated for inflation since last spring, was left until after the election.

The Tories are committed to paying the second stage and to ensuring that doctors and dentists do not again fall behind in the professional earnings league. That alone probably means an increase of about 23 per cent.

The pay body, however, is also believed to have recommended that next year's increase should be brought forward. Much the same suggestion is believed to have been made about the increase

in civil servants' pay, which the Labour Government also promised to increase in three stages.

The Conservatives have promised to try to restore morale in the NHS and would almost certainly like to be able to bring forward the increases, as with the police and Armed Forces' rises. But there is concern that a big increase for doctors and dentists might be regarded as a pace-setter for other NHS settlements, such as those for nurses and hospital ancillary workers.

All these rises come when the Government is committed to cutting public spending and all main spending departments have been asked to economise.

The Tories have said that they will not reduce the service offered by the NHS, but even so they are probably looking for some administrative economies. Yesterday's meeting of the economic sub-committee came the day after the Cabinet had agreed big public spending cuts.

Continued from Page 1

Oil imports

and is already deeply concerned about the impact on her inflation rate of increased imported energy prices.

Mr. Barre described the U.S. measure yesterday as "particularly inappropriate," and this is echoed by West German officials.

Both French and West German clearly see the U.S. action at cutting right across the spirit of the commitments in the energy sector which Mr. Carter made at the western economic summit in Bonn last year.

In Paris Mr. Schultze went out of his way to try to defuse the row.

U.S. officials explained that the U.S. had controlled its own domestic oil at prices below the

world market since 1973. The controls would be phased out by September 1981.

The first small step in Mr. Carter's plan to bring domestic oil prices up to world levels by the autumn of 1981 was put into effect yesterday.

Under the regime certain categories of newly-discovered oil, marginal crude and that which is difficult to exploit will be allowed to command the world price or close to it.

"Old" oil, that discovered before 1973 and at present selling for less than half the official OPEC barrel price of \$14.55 a barrel will be reclassified as "new" oil at the rate of 1.5 per cent a month for the next 28 months.

Central banks act to support Belgian and Danish currency

BY ROGER BOYES IN BONN

CENTRAL BANKS moved yesterday to support the Belgian franc and the Danish krone, both of which had threatened to fall below their lowest intervention points in the European Monetary System.

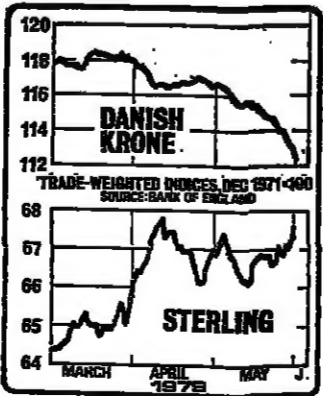
There was support from the Danish and Belgian authorities for their currencies. The West German Bundesbank said that it had bought Danish kroner and Belgian francs at the mid-session fixing after consultations with the two central banks.

The intervention highlights some of the more fundamental strains on the EMS. The Bundesbank's anxieties about the strength of the dollar against the Deutschmark have led to heavy sales recently of dollars for marks.

This has pushed up the Deutsche Mark in the EMS belt, where it is now the second strongest currency after the Italian lira, while the Belgian franc and Danish krone have drifted downward.

The renewed weakness yesterday of the two currencies may have been influenced by Thursday's increase in West German Lombard rate.

The Danish krone closed at the lower intervention rate of 160 to DM 2.46, compared



with DM 34.80 previously. The Belgian franc was held at its floor level of B.Fr 100 to DM 6.22.

Sterling gained 3c, closing at \$2.0745, while the trade-weighted index, measuring value of sterling against other currencies, rose from 67.4 to 67.8.

The dollar moved up against the D-mark from DM 1.9080 to DM 1.9180. It was stronger against the Japanese yen and Swiss franc.

London Transport faces Tube shutdown

By Phillip Bassett, Labour Staff

LONDON TRANSPORT faces a complete shutdown of its Tube services from June 18 if its latest pay offer to 23,000 Underground workers is not improved, the National Union of Railwaysmen warned yesterday.

The NUR executive has instructed their union's 15,000 Tube members including drivers, guards, signallers and station foremen, to take action after pay talks on Wednesday with the London Transport Executive failed to produce a new offer.

The executives of the train drivers' union, ASLEF, which has about 2,200 Tube members, and the white-collar Transport Salaried Staffs Association, which represents about 3,000 Underground staff, will meet on Monday and Friday respectively to discuss their positions.

Mr. Charlie Turnock, NUR assistant general secretary, said the strike would bring London to a standstill. Other forms of public transport would not be enough to take over the Tube's traffic.

A strike by the Underground's 190 signallers alone, who are all NUR members, would be enough to bring the Tube system to a halt.

Talks

Officials of all three unions were hoping for an improved offer in talks with London Transport this week after a meeting with Mr. Ralph Bennett, London Transport chairman.

Mr. Turnock said that instead all the London Transport Executive had done was to suggest re-arranging parts of the offer.

The pay offer gives an average increase of 8.8 per cent on basic rates and on London weighting, and improvements such as extra holidays for wages grade staff and improved differentials for supervisors and booking office staff. It would add 10.32 per cent to London Transport's £70m Tube pay bill costs.

London Transport argues that the unions' joint claim for increases ranging between 11 and 13 per cent would mean an increase of 17 per cent on labour costs.

News Analysis Page 4

Manufacturers are out of favour

The stock market this year has been showing increasing signs of developing a split personality. It may be that the market overall has risen—despite the setback since the election—by close to a fifth, as measured by the F.T. Actuaries All-Share Index. But that does not give anything like a full picture. While some of the sectors covering domestic distribution and services, and financial activities, have been in a clear bull phase share prices in many of the manufacturing sectors have been struggling to make any progress at all.

The list of the ten worst performing sectors so far in 1979 is packed with manufacturing sectors which are exposed to international trade, whether in the home or export markets. There is one clear exception, electronics—but the only other sector in the top ten which could conceivably be classed as manufacturing is newspaper publishing, and that is hardly a typical case.

Leapfrogging

It is all of course, because sterling has been so strong. As the oil producers round the world leapfrog each other in the race to put up the price of crude oil, a competition in which the British North Sea producers were joining this week, the pound goes up. The old dispute about whether the future level of sterling can best be predicted on the basis of trends of industrial competitiveness or relative monetary growth rates has been superseded. On the basis of either of these arguments about "fundamentals" the new soaring sterling has come much too high.

Like the domestic financial markets, the sterling foreign exchange market suffered a reversal after the election, so that the trade-weighted index fell by around 2 per cent by the middle of May. But since then the index has steadily crept up again and yesterday was nudging the April peak of 67.8.

So far this year sterling has appreciated on a trade-weighted basis by almost 6 per cent (and by around 10 per cent over the past year). Although it has not risen much recently against the U.S. dollar, which has been comparatively firm, there has been appreciation of sterling since the turn of the year of 6 per cent against the D-mark, 7 per cent against the French franc and no less than 15 per cent against the Swiss franc. This is playing into the hands

Index fell 0.1 to 513.5

LEADERS AND LAGGARDS since end December, 1978 Top 10 sectors

	% change relative to All-Share Index
Mining finance	+16.6
Property	+12.3
Food retailing	+11.7
Stores	+10.7
Merchant banks	+9.9
Oil	+8.7
Electronics	+7.5
Life insurance	+6.1
Newspapers	+5.5
Entertainment	+4.6
Bottom 10 sectors	-8.0
Wines and spirits	-8.5
Mech. engineering	-9.8
Tobacco	-10.0
Motors	-10.2
Household goods	-12.4
Textiles	-14.4
Office equipment	-15.7
Pharmaceuticals	-17.4
Insurance brokers	-19.7
Toys and games	-29.0

threatens to throw the work economy into reverse, so the international business climate would in any case be looking unpromising.

At least industry can hope for a slightly more friendly political attitude from the new Government. Immediately the Tories have scrapped the Price Commission, which is plainly good news for some of the politically sensitive sectors like food manufacturing and breweries—where this week *the Press* was complaining that the Price Commission had cost it £7.5m. But there is little comfort here for manufacturers whose price and profits are primarily determined by international competition; for them, the Price Commission has anyway been almost irrelevant.

It will take some more fundamental changes in attitude to alter the current shape of the equity market. Here, some sectors are enjoying all the symptoms of an oil-based boom; the property and stores indices, for instance, are each up around a third this year.

Exchange controls

The City will be watching Sir Geoffrey Howe's Budget speech closely for hints on the Government's attitude to exchange controls and the level of sterling. The investment currency premium has been put this week on suggestions that City opinion has been soured on the possible impact of exchange control relaxations. On the other hand the Government will be uncomfortably aware that any moves to push down sterling to help industry's profit margins will also add to an already disturbing acceleration in the inflation rate.

This phase of oil-based strength for sterling will not last for all that long—two or three years, perhaps, while oil production is building up, and before the impact can be countered by a deterioration in the non-oil trade balance. It could be a still shorter period if a world recession leads to a setback in oil prices.

But for the time being the stock market is transmitting an uncomfortable message about the problems of manufacturing industry. It is a message which will not quickly change unless the Government takes measures to prevent the North Sea wealth from being spent on an importing spree, and unless industry proves capable of solving some of its own cost problems during next winter's pay round.

Weather

UK TODAY

MAINLY DRY with sunny periods.

London, S.E., Cent. S. England, S.W. England

Cloudy. Sunny intervals. Perhaps some showers. Max. 19C (66F).

E. England, N.E. England, Borders, Edinburgh and Dundee, Aberdeen

Coastal fog patches, sunny intervals inland. Max. 15C (59F).

Midlands, Wales, N.W. England, Cent. N. England

Sunny periods, mainly dry. Max. 21C (70F).

Rest of Scotland and Ulster

Sunny periods, mainly dry. Max. 18C (64F).

Outlook: Mostly dry and warm with sunny periods. Isolated thundery showers.

WORLDWIDE

	Y'day	Y'day	Y'day
	midday	midday	midday
Algeria	27.8	27.8	27.8
Algiers	27.8	27.8	27.8
Alexandria	27.8	27.8	27.8
Bahrein	27.8	27.8	27.8
Batavia	27.8	27.8	27.8
Bombay	27.8	27.8	27.8
Buenos Aires	27.8	27.8	27.8
Calcutta	27.8	27.8	27.8
Canton	27.8	27.8	27.8
Cebu	27.8	27.8	27.8
Colon	27.8	27.8	27.8
Hankow	27.8	27.8	27.8
Hong Kong	27.8	27.8	27.8
Kobe	27.8	27.8	27.8
London	27.8	27.8	27.8
Lyons	27.8	27.8	27.8
Manila	27.8	27.8	27.8
Medan	27.8	27.8	27.8
Osaka	27.8	27.8	27.8
Paris	27.8	27.8	27.8
Peking	27.8	27.8	27.8
Rangoon	27.8	27.8	27.8
San Francisco	27.8	27.8	27.8
Singapore	27.8	27.8	27.8
Sourabaya	27.8	27.8	27.8
Taipei	27.8	27.8	27.8
Tientsin	27.8	27.8	27.8
Yokohama	27.8	27.8	27.8

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